



EUROPEAN NEWS

Former official in W German illegal exports inquiry

By David Marsh in Bonn WEST GERMAN criminal investigators have searched the home of a former federal official in connection with inquiries over alleged illegal export of components for a ballistic missile system in Iraq.

Revolution party draws world leaders to Paris

By George Graham in Paris FRANCE WILL welcome the leaders of 20 developing nations, as well as those of the six other members of the Group of Seven industrial nations, to celebrate the bicentenary of the French Revolution in Paris next month.

Swedish Government's popularity plummets

By Robert Taylor in Stockholm

SWEDEN'S MINORITY Social Democratic Government is suffering a sudden, serious decline in popularity as a result of its handling of the country's economic problems.

The popularity of Mr Ingvar Carlsson, the Prime Minister, has also declined significantly. According to a poll from the SIFO organisation only 30 per cent of the voters have great confidence in him - half the figure of three years ago.

The main opposition parties are not benefiting from the Government's difficulties. Both opinion polls this week suggest that the right-wing Moderates have only around 19 per cent support and the Liberals between 12 and 12.5 per cent.

emerged as a tactical compromise between the Social Democrats and the opposition Centre Party and it had little resubstance to the initial proposals from Mr Kjell-Olof Feldt, the Finance Minister.

mounting balance of payments deficit could exceed \$Kr20bn (£1.9bn).

US and Europe may open up chip research efforts

By Terry Dodsworth, Industrial Editor

THE US and Western European governments may allow foreign companies to enter their flagship semiconductor research programmes if reciprocal access arrangements can be made on each side of the Atlantic.

The issue of foreign membership raises sticky problems for the organisers of the two research initiatives, which are being backed by large amounts of public money.

Government funds are being injected into both the programmes on the grounds that semiconductors are a strategic national resource, important for both defence and general industrial development.

but in every other way part of the national industry.

allowing foreign companies to join JESSI, as long as European producers can achieve reciprocal arrangements in the US.

Way cleared for EC trade talks with Moscow

By David Buchan in Luxembourg

THE European Commission has been given a formal mandate by EC foreign ministers to start trade negotiations with the Soviet Union.

Ethnic violence eases as Ryzhkov visits Fergana

THE SOVIET Prime Minister, Mr Nikolai Ryzhkov, yesterday inspected damage caused by riots in the Fergana region of Uzbekistan as state television reported uneasy calm after 10 days of ethnic violence in which at least 100 people died, Reuters reports from Moscow.

capital late on Sunday. A gang also razed the village of Gorskoy, in the west of the Fergana region, "again spilling blood", while 400 more Uzbeks, armed with automatic rifles, tried to storm a camp housing Meskhetians in the mountains nearby, Tass said.



Admiral William Crowe (right), chairman of the US Joint Chiefs of Staff, and his Soviet counterpart Gen Mikhail Moiseyev (left) yesterday signed an accord aimed at preventing accidental conflict. The US admiral said it was proof of the superpower progress towards a "more sustainable larger relationship".

At the same time, President Francois Mitterrand wants to put forward measures on the environmental front which will also help Third World countries.

For the 700,000 inhabitants of the Sicilian capital this campaign has little to do with electing representatives to the Strasbourg parliament; Palermo will soon be receiving nearly \$3bn of European Community aid for the restoration of its historic centre, but hardly any politician even speaks of Europe.

Mr Ryzhkov was accompanied by Mr Viktor Cherbikov, a fellow Politburo member and former KGB chief who currently heads a commission on legal affairs.

Turks expect 25,000 Bulgarian refugees

By Jim Bodgen in Ankara

TENTS FOR 25,000 people were being hastily pitched in pouring rain and hail yesterday near Turkish towns close to the Bulgarian border, to accommodate Bulgarian-Turkish deportees who have been expelled by the Bulgarian authorities.

Unrest began when Sofia cracked down on resistance to its four-year campaign to force members of its Moslem minority to renounce their Turkish cultural identity.

announced by Ankara in mid-May for all who wished to leave Bulgaria. However, the Turkish Government says the refugees have been summarily expelled with scant respect for their human or property rights.

Polish PM drops out of second poll Poland's Prime Minister, Mr Mieczyslaw Rakowski, yesterday dropped out of a second round of voting hastily arranged after 33 top Communist and allied candidates failed to win election to Parliament last week.

Palermo keeps it in the family

Mafia allegations dominate the poll in Sicily, writes Alan Friedman

DOWN in the dusty hushings of Palermo the most "European" feature of the regional election campaign is perhaps the city's Bourbon legacy of high tension, stark social divisions and the continuing tradition of "changing everything in order to change absolutely nothing".

Mr Lima declined to be interviewed. The problem for Mayor Orlando and his anti-mafia political allies is that despite governing Palermo since 1985 they have depended heavily on the political protection of Mr De Mita.

Mr Lima said he is now so embittered that Orlando supporters fear that Mr Andreotti will be able to help the Lima faction to recover control of the Sicilian capital.

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EUROPEAN ELECTIONS DOWN in the dusty hushings of Palermo the most "European" feature of the regional election campaign is perhaps the city's Bourbon legacy of high tension, stark social divisions and the continuing tradition of "changing everything in order to change absolutely nothing".

Hungarians end a long silence on Imre Nagy

By Leslie Collin

"THE PEOPLE remain silent a long time but they do not forget," said a commentary in the Hungarian government newspaper, Magyar Hirlap, on next Friday's Day of Mourning for the victims of the 1956 uprising.

In an unprecedented ceremony and a nationwide tribute, Budapest, Hungary will pay tribute to Imre Nagy, Prime Minister during the uprising, his associates, and hundreds of others who were also executed.

The belated tribute comes only a few months after the Communist Party's historical communist past was a "genuine uprising" which only later became a counter-revolution.

The film consists of interviews with imprisoned survivors of 1956 and the relatives of those executed. The program shows Mr Nagy and his closest associates were given asylum in the Yugoslav embassy in Budapest after the Soviet invasion on November 4 1956.

Mr Nagy's Moscow-backed successor, Mr Janos Kadar, they noted, was the former Prime Minister and his aides safe-conduct from the embassy to their homes.

De Mita to try again President Francesco Cossiga of Italy will ask the country's outgoing Prime Minister, Mr Ciriaco De Mita, to try to form a new government.

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THE BIS ANNUAL REPORT

BIS urges Washington to cut budget deficit to avert world economic 'crash landing'

By Peter Norman, Economics Correspondent

USING unprecedentedly strong language, the Bank for International Settlements called on the US to cut its budget deficit to head off any possible risk of "crash landing" in the world economy.

countries had neglected the imbalances, with the so-called adjustment process having faltered since mid-1988. "All round, there has been a policy of sustaining rather than reducing the current account imbalances. Adjustment has not been a pressing issue," it said.

The BIS had called frequently in the past for the US to cut its budget deficit. But the demand in this year's annual report is notable for its directness: at one point the bank says the lack of progress on the issue by the US is "deplorable".

correspondingly little impact on trade flows. Looking ahead, the bank said forecasts generally pointed to a further small reduction in the US current account deficit this year from last year's \$135bn, "followed by a progressively increasing deficit".

would nullify any medium or long-term effects of a lower dollar on the current account balance. A lower dollar would require a cut in the interest rate differentials that have supported the US currency and that could be dangerous.

Conditions poor for EC union

By Peter Norman

CONDITIONS are far from suitable for a rapid move towards economic and monetary union in the European Community, the Bank for International Settlements warned.

Over-emphasis on exchange rate stability attacked

By Peter Norman

THE BANK for International Settlements has sharply criticised the world's leading industrial countries for excessive attachment to the stability of nominal exchange rates when co-ordinating their economic policies.

yen depreciated by 4 per cent and 9 per cent respectively in 1988 and the first four months of this year. At the same time, the dollar appreciated by 3 per cent in real terms, while the Canadian dollar and British pound advanced by 17 per cent and 6 per cent respectively.

Warning on continued growth of leverage buy-outs

By Stephen Fidler, Euromarkets Correspondent, in Basel

THE BANK for International Settlements has warned that the growing debt burdens of US companies, brought about in part by the growth of leveraged buy-outs, carry potential risks for the US banking system.

assets at book value - has increased considerably since the early 1980s. Even if its present level does not differ markedly from that reached in the early 1970s, the recent upward trend has been particularly steep and shows little sign of abating," it said.

gests that structural features in high leverage countries, largely to do with investor/company relationships, may help to explain why their companies are able to support more debt.

system of proxy voting. Their influence is further increased by the shareholdings of non-financial companies themselves: one third of the total stock in Japan and two-fifths in Germany.

incentives to force bankruptcy. In Italy, France and Japan, government policy - in particular the reliance of long-term credit institutions - has permitted the underwriting of losses.

Cumulative changes in external positions in selected developing countries, 1978-87 (in \$bn)

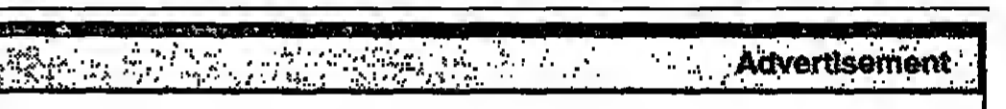
'Gradual approach' to markets advocated

By Stephen Fidler

A MORE gradual approach to liberalising London's financial market might have been advantageous, the BIS annual report suggests.

Japan's banks hold about one-fifth of all shares; German banks hold close to 10 per cent but control more through the

of performance and the control of the borrowers' policies, they also tend to reduce the credit institutions' incentive to force bankruptcy and liquidation at times of financial stress.



Rauma-Repola: A crushing victory in global competition

By Victor Thorne, Helsinki Dramatic changes in the business emphasis within Finland's Rauma-Repola Group following significant divestments and major acquisitions have placed the company precisely where it sought to be in the market charts across a reduced spectrum of operations: within the top three in the world, preferably in the top spot.



brightening comment to per and plastic sacks, paper and plastic carrier bags and packaging films.

"We are closing one shipyard in June, and by selecting only the more profitable orders we should manage to maintain the improvement in our operating profit for 1989 to end 30%, Rauma-Repola regards it as a growth area, with developments so far very much in line with the strategic targets it has set for the division.

The pulp and paper division now accounts for 6% less of the group's net sales than in 1985, down to 20%. Nonetheless, Rauma-Repola is investing in a complete rebuild of its paper machine no.2 at the Rauma paper mill, one of the world's leading makers of magazine paper, to boost the machine's capacity from 150,000 to 230,000 tonnes a year of SC grade.

Paper machine no.1 at the mill had undergone the same treatment last summer to increase its output of LWC grades from 35,000 to 130,000 tonnes a year at a design speed of 1,200 metres per minute.

Playing the numbers game once more, the group holds the position of one of the three major players in Europe in flexible packaging, with the merging in 1988 of Teno, Scandinavia's number one manufacturer of plastic films, with balancing operation of Di-W. Rosenlew Ltd, 75% owned by Rauma-Repola, equity warrants, share issues and a modicum of international funding to raise capital for the major

Bright spots for Africa

By Peter Norman

MALAWI and Kenya provide two bright spots in the world's bleak African economy, according to the latest annual report of the Bank for International Settlements.

The crushing equipment business has undergone similar expansion, with the acquisition at the end of 1987 of the European activities of the Nordberg Group, including Bergeaud S.A. of France and Nordberg (UK) Ltd, early this year.

All told, Rauma-Repola's engineering division, along with Timberjack, has expanded from a 28% slice of net sales in 1985 to account for about 40% this year. Shipbuilding and marine technology's share was halved over the same period, shrinking to 12%, principally as a result of a heavy downturn on the shipbuilding side.

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OVERSEAS NEWS

Peking detects the 'evil wind' of foreign influence

Chinese leaders have resorted to the familiar tactic of inciting xenophobia, says Robert Thomson

THE Chinese leadership has a habit of blaming the outsider. Most of the 'counter-revolutionaries' arrested in Peking in the past few days are said to come from outside the capital and foreigners, in particular the US, are routinely accused of inciting the pro-democracy movement crushed just over a week ago.

Foreign journalists are harassed, with a BBC crew detained yesterday and several Western correspondents assaulted during the past week. The hard-line leadership has a special dislike of the Voice of America, which is condemned each day in the official press and on state-run television.

Chinese television news includes the reading of letters allegedly written by viewers outraged by the Voice of America's 'lies and distortion' of the democracy campaign and the crackdown. Editorials in the People's Daily yesterday accused the network of 'compiling lies and creating rumours'.

Britain is also on the fringe of a diplomatic row with China over the arrest on Sunday at Shanghai airport of a Hong Kong man said to belong to an illegal organisation. The Chinese leadership has been angered by the Hong Kong criticism of its actions and will now be tempted to blame it all on the British.

Playing the foreigner card has been an option since China was forced to open to the outside world a century and a half ago and it has regularly been played by the Communist leadership in the past 40 years.

There was an anti-foreigner frenzy during the cultural revolution when the least contact with an outsider was evidence that an accused was, in the jargon of the time, a 'capitalist roadster'.

Hong Kong's property dealers in no rush to sell

TRANSACTIONS on Hong Kong's property market have virtually ground to a halt since the violent suppression of the student protest movement in China. Both buyers and sellers are playing a waiting game as they assess how badly local confidence has been shaken.

Michael Marray on anxieties over the colony's prospects as a financial and business centre

A fall in property prices is widely regarded as inevitable but potential sellers have been unwilling to drop their prices, preferring to hold on for a few weeks or months. Agents report that inquiries from big overseas investors on office buildings and other major acquisitions have also dried up.

The local interbank market has settled down after pressure from last week's mass withdrawal of savings from banks within the Bank of China group.

Aside from the selling of local stocks by overseas investors, international concern over Hong Kong's prospects has been underlined by a decision by Moody's credit rating agency to review the 'aa3' sovereign rating assigned to China and the sovereign ceiling assigned to the long-term debt of Hong Kong corporations.

The primary worry of local banks and the many overseas institutions based in the colony relates to their substantial loans in China, often to Hong Kong-based companies, with joint venture projects over the border.

Even so, growth prospects for their small company have become much more limited and they are already thinking about ways to expand elsewhere, perhaps in Vietnam if a restoration of US-Vietnamese ties should make this possible.

Hotel projects in China are a source of concern, given the cancellations of visits to China. Hong Kong hotels also report substantial cancellations from groups visiting both Hong Kong and China.

The mass transit railway corporation, which is the colony's biggest borrower and

According to Mr Douglas King, general manager for marketing of the Hong Kong Tourist Association, the biggest fall-off is likely to be in visitors from Taiwan. There were 1.1m Hong Kong visitors to Hong Kong last year, a 203 per cent increase over 1987.

Entrepreneurs' hopes dim as their clients take fright

Steven Butler on a US business in Shanghai

MS MARDI MASTAIN and Mr Robin Donaldson have struggled for four years to keep a small business going in Shanghai, finally hitting pay-dirt last year.

Export Import of East Asia, which these two young American women own jointly, oversees the manufacture of clothing for big US retailers, including K mart, Lands End, Lord & Taylor and Saks Fifth Avenue.

Their speciality is advising joint ventures how to dispose of wads of Chinese currency which they earn locally but cannot convert to foreign exchange.

China intends to continue to service its foreign debts. Chen Yuan, deputy governor of the People's Bank of China, said yesterday, Stephen Fidler writes from Basel, Chen, in Basel for the meeting of the Bank for International Settlements, said there had been no short-term disruption of debt repayments despite the events in his country over the last two weeks.

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Shanghai residents read a statement by President Bush yesterday posted on the US consulate wall.

Aid from Japan up 23% and set to pass US sum

By Ian Rodger in Tokyo

JAPAN'S official development assistance (ODA) last year reached a record \$3.1bn, which is 22.5 per cent higher than in the previous year, according to Japanese Foreign Ministry figures.

However, it still remained second to that of the US which, according to preliminary projected figures, would reach slightly less than \$3.8bn for 1988. The US development assistance excludes military aid. Official US figures will be announced later this month.

Recruit report likely to end investigations

By Stefan Wagstyl in Tokyo

THE Japanese Ministry of Finance yesterday admitted that 11 politicians involved in the Recruit affair remained under suspicion of having committed criminal offences.

However, officials presenting their final report on the affair to the Diet (parliament) gave no hint that they intended to reopen the investigation into the shares scandal.

No moral refuge over Indo-China exodus

William Dullforce sets the scene for a UN-sponsored conference on the 'boat people'

AN INTERNATIONAL forum will adopt a plan tomorrow for coping with the relentless exodus of refugees from Vietnam.



Children in a Hong Kong refugee camp for boat people

Their attitude spotlights a moral dilemma at the heart of the two-day conference on Indo-China refugees called by Mr Javier Perez de Cuellar, United Nations Secretary-General, which opens in Geneva today.

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Three ANC members convicted of terrorism

THREE white members of the African National Congress (ANC) Congress, two South Africans and a Briton - have been convicted on several charges of terrorism after pleading guilty in the Pretoria regional court yesterday, Jim Jones reports from Namibia.

They are due to appear again in court today for a plea to mitigate the sentences.

Pollario to free 200 prisoners

The Polisario Liberation Front, which has been fighting against Morocco on the independence of the former Spanish colony of the Western Sahara, will release 200 Moroccan prisoners next Saturday, Francis Ghiles reports.

Israel keeps peace plan alive

By Hugh Carnegie in Jerusalem

A TWO-DAY visit to Israel by Egyptian minister Boutros Boutros Ghali appeared last night to have left Israel's peace proposals for the occupied West Bank and Gaza Strip alive, if not much advanced.

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Israeli Vice Premier Shimon Peres (left) embraces Boutros Ghali

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OVERSEAS NEWS

War-ravaged economy forces the pace of Angola's reform

Nicholas Woodsworth, recently in Luanda, examines the backdrop to a shake-up of political and social restructuring

DOLCE, the attractive Angolan receptionist at the night desk of Luanda's Hotel Presidente, is categorical: Luanda is no longer a place for an evening out. "Almost everything is closed now," she says, nostalgically listing the names of restaurants and clubs that used to make Luanda one of the liveliest cities in Africa.



Cargo stacked along the dockside of Luanda harbour fuels the black market. Although the country's busiest entrepôt is well guarded, 40 per cent of the goods arriving here each year find their way out illegally through bribery, on-the-job theft and armed robbery.



One glance from the doors of the hotel lobby is enough to persuade guests that Dolce is right. At 9pm, the refuse-littered streets outside are dark and deserted. Along the main thoroughfare that skirts the way on which Luanda is built, the only visible activity is an occasional Soviet-built truck or military patrol.

Down below, among the ransacked and darkened tacked along the darkened dockside, they may see luminous tracer bullets flying. Their faint paths shed little light on the reasons for the disturbance, however, and guests turn back to sleep mystified and apprehensive.

The doubt with which visitors regard Angola, especially after such an occurrence, is not exclusive but shared by Angolans themselves; theirs is a country whose troubled history tinged even the simplest of events with uncertainty.

This uncertainty has grown in the recent past. A short time ago Angola was a staunch defender of Soviet economic development, now it is looking to the International Monetary Fund. Previously it found its greatest political support in the Eastern bloc; today it is exporting ties with the West.

While only a few Luandans opt for night-time flights, almost everyone in the city has an esquema - Portuguese for "fiddle" - that permits them to make up for the failures of the Marxist-oriented, state-run economy. Affected since independence in 1975 by a chronic shortage of goods and an

increasingly worthless currency, most Luandans, from senior party officials down to factory workers, have little choice but to deal on a thriving black market that has supplanted the official economy as the main source of consumer goods.

Securing foreign goods which can then be sold at prices that accurately reflect the domestic demand for commodities is the daily preoccupation of this market. Stealing from the port is one method unacceptable to the government. But its own incapacity have forced it to turn a blind eye to the esquemas of Luanda's 1.5m inhabitants.

These range from the black market sale of subsidised goods by state officials, to the setting up of trading stalls in one of the city's technically illegal open market places. The most convenient arrangement of all, however, is to have family ties or unofficial business relations with Angolans working for foreign companies, embassies and aid agencies.

Its GDP to less than \$400, well below colonial period levels in real terms. Angola's present economic plight, however, cannot be attributed solely to war and a lack of managerial skills. Much blame must go to the choice of economic policies adopted by the Marxist-oriented MPLA government. The overwhelming role played by the state has led to unwieldy centralised planning, a vast, loss-making parastatal sector and pricing policies that subsidise consumption but fail to provide incentives to production.

By 1986, however, expenditure, financed in part by external loans, exceeded revenues by 25 per cent. Following the steep fall in oil prices that year, Angola's revenues declined and the deficit became much larger. At the year's end the country's external debt stood at \$3bn and totalled 70 per cent of GDP.

The 1986 oil crisis forced the government to recognise the need for new attitudes and policies. Ineligible for IMF or World Bank support because it had never applied for membership, it first adopted an austerity programme aimed at curbing imports and government spending. In 1987, it announced with much fanfare its home-

grown "Programa de Saneamento Economico e Financiero" - a plan for economic recovery closely modelled on classical IMF-inspired African structural adjustment programmes.

SEF, as it is commonly known, has cited among its objectives economic decentralisation, the liberalisation of price controls, an increased role for the private sector, greater autonomy for parastatals, a shift in agricultural policy from co-operative to peasant farming and devaluation and money supply control.

In the streets of Luanda and on remote peasant land-holdings, however, the hard-pressed Angolan population is still awaiting the first winds of economic change. Although now approaching the end of its second year, SEF has so far failed to take significant action to implement its programme.

Supporters of the programme say it has gone ahead more slowly than hoped, but emphasise the enormous legal and institutional transformations that are prerequisites to building a free market.

vincial capitals practically non-existent. State authorities remain unsure of the political and social consequences of the price increases and large-scale parastatal redundancies that would accompany far-reaching adjustment. Consequently there is much foot-dragging. There are also indications that hard-line MPLA members are resisting change, not only for ideological reasons, but because it would affect power and privileges.

The greatest obstacle to economic development, however, remains the war. Although under the terms of the American-sponsored agreement reached by Angola, Cuba, and South Africa last December direct foreign involvement in the civil war will end, Unita remains a viable fighting force supported by the US. Its continued ability to disrupt economic activity is a major inhibition to the investment, public or private, domestic or foreign, on which development depends.

There are signs of some rapprochement. Despite government avowals never to negotiate with Jonas Savimbi, high-level MPLA-Unita talks have been taking place under the initiative of a government amnesty offer to rebel troops. These have given hopes to diplomats in Luanda that the MPLA, locked in an unwinnable war, will swallow its pride and move towards reconciliation by the end of the year.

This and Angola's entry into the IMF, likely to take place in September, offer the country some hope for the future. But given its present devastation and the many obstacles, at least some of them self-imposed, facing structural reform, economic development in Angola can only be a long, slow and difficult process.

Namibians celebrate as exiles return home

A DESERT AIRPORT rang to the sound of freedom songs yesterday as men, women and children danced across the tarmac to celebrate their homecoming to Namibia after years in political exile. Reuter reports from Windhoek.

In the first flight of a United Nations-organised airlift intended to bring home 41,000 people in six weeks, a Zambia Airlines DC-10 from Lusaka deposited 150 returnees at the airport serving the capital Windhoek.

The airlift is part of a UN independence plan for the vast desert territory which has been ruled by South Africa since World War One. About 200 people, mostly supporters of the South West Africa People's Organisation (Swapo) who fought a guerrilla war for more than 20 years, sang and chanted as the so-called returnees filed on to buses after registering with the office of the United Nations High Commissioner for Refugees (UNHCR).

Mr P.W. Botha, South African President, agreed last week to grant full amnesty to the returning exiles, removing a major hurdle in the transition to independence. Airlifts of more refugees back to Namibia will take place for the next six weeks at Windhoek and at the northern garrison town of Grootfontein and Ondangwa.

Advertisement for Zurich Elite featuring a large image of a person wearing glasses and text describing the service. The text includes: 'Our system is designed to meet the evolving needs of users and network providers through a steady increase in functionality. It has an open architecture and is composed of largely independent subsystems that are modular and communicate through well-defined standard interfaces.' and 'New hardware or software modules can be added at any time to support new functions and supply the matching increase in processing capacity.'

Advertisement for Zurich Elite featuring a photograph of a city and the text: 'ZURICH ELITE CLASS ELITE The Elite fly exclusively from Gatwick. Whenever you have business in Zurich, be sure to fly Class Elite, Dan-Air's new business Class to Europe. Dan-Air operate the only service from Gatwick to Zurich and there are three flights every day (except Tuesday with two). You can leave early morning, at lunch-time or in the evening, to suit your business schedule. Your Class Elite reservation gives you an exclusive check-in, a private lounge to wait in, a luxurious seating area to relax in and a superb breakfast, lunch or dinner to help your journey fly. Ask your travel agent for details of Class Elite flights from Gatwick to Zurich, Paris, Nice, Toulouse, Madrid, Lisbon and Dublin. Or call Dan-Air Reservations on LinkLine 0345 100200. To get your Class Elite Business Pack phone 0293 772719. And fly exclusively from Gatwick. DAN-AIR SCHEDULED SERVICES The secret is service.'

EUROPEAN NEWS

Energy concerns divide W German parties

Worries about coal are directed at Bonn, not Brussels, reports David Goodhart

THE European Community's outline plans to create a common market in energy is one of the very few EC issues which fundamentally divides the two main parties in West Germany. The Christian Democrats (CDU) are, with some qualifications, for it. The Social Democrats (SPD) are vehemently opposed. Despite this, the issue has not played much of a role in the 140 parties' campaigning, which, as in most other member states, has been fought on the usual domestic issues. But if the SPD believes its own propaganda about the proposed common market in energy, it will be a classic case of conflict between the free market and environmental protection and should thus be at the heart of its campaign. According to Mr Reimut Jochimsen, the SPD Economics Minister in North Rhine-Westphalia (NRW), the EC's proposals will at a stroke remove the progress made in protecting the environment in Europe over the past 10 years. The decoupling of economic growth and energy consumption, already partly undermined by cheaper oil, will be torpedoed by the Commission's narrow-minded insistence on providing industry with the cheapest possible energy, the NRW government believes. What has the Commission actually proposed? Earlier this year a report was produced recommending that energy subsidies should be cut, and eventually eliminated, across the EC. Then in March the Commission said it would - under French pressure - investigate Germany's substantial aid to its coal industry to see if it was compatible with EC competition rules, and examine whether EC electricity and gas distributors should be obliged to open their grids to all suppliers under a US-style "common carrier" policy. The SPD believes the Commission is backed by at least part of the West German government in wanting to phase out coal subsidies, and cites the government's refusal to lodge a formal objection to EC investigation. The SPD may well be right. Although Mr Helmut Kohl makes occasional shows of solidarity with the mining areas, he knows they produce few votes for his party and he will probably only try to slow down a subsidy reduction. The official line from the government is that German coal can be better defended by bargaining with the Commission than by fighting it. Germany now spends about DM10bn a year compensating the utilities and steel producers for the extra cost of buying German coal. The utilities claim back the difference between German coal and cheap imported energy by levying an extra 8.5 per cent on electricity bills - the so-called Kohlepfennig.

There are four pits left in the area, still providing 30,000 of the 120,000 local jobs. But the town - twinned with Newcastle - has not been able to bring in new jobs fast enough and the total population has fallen from 400,000 in 1960 to 285,000 today. Mr Linde, a former SPD Euro-MP, accepts that subsidies cannot remain forever but wants an EC support system similar to the steel industry to help smooth the transition. Meanwhile he hopes that his town's central position within the EC will make it an attractive centre for transport concerns, and - taking the other side of the protectionist argument - he supports domestic transport liberalisation to boost the competitiveness of the German transport industry. There is also the hope of attracting new businesses from Japan, Korea, and Norway. But that is probably not the reason why the Euro-election campaign in the area seems remarkably free of anti-EC sentiment. The SPD and the miners' union, the two most important local political bodies, seem determined to channel anxieties about Brussels' energy policies against the government in Bonn. As one official admitted, they do not want to stir up latent anti-European feeling among the voters. It is Bonn, the argument runs, that has failed to come up with a proper national energy plan that could protect jobs and the environment and West Germany's strategically vital coal reserves. Local SPD politicians even suggest that the Government will allow cheap French nuclear power onto the German grid. Technically, such a decision is up to the private German utilities, one of which already buys some French power, but for the French to break into the German market the politicians would have to agree. If the SPD wins next year's national election, such a deal will be off the agenda and a much tougher fight with the energy liberals in Brussels is predicted. And if the SPD's hopes of polling over 40 per cent in the Euro-election (against 37 per cent in 1984) come true, such a victory in 1990 will look more likely.

Profile: Belgium

Delicate balance in home of the identikit European

By Tim Dickson in Brussels

MRS Thatcher's "Identikit European" may be alive and well - and living in Belgium. Try as one might in the present election campaign it is virtually impossible to find significant differences between the main Belgian political parties on European Community issues. They are all for closer EC integration - not surprisingly perhaps in a small country with traditionally weak government - and they are all naturally enough behind the growing campaign to make Brussels the undisputed seat of the European Parliament. If the saloon bar British Tory of Thatcherite bent is missing from the local political scene, however, next Sunday's European poll is seen here as providing the same sort of opportunity as in the UK to pass judgement on the performance of the national government. Mr Wilfried Martens' eighth coalition has not been in office for 10 years - but commentators reckon that to have survived 12 months (a landmark it reached in May) is a considerable achievement given the instability and uncertainty which preceded its formation. Much to everyone's surprise and relief there have been no major crises in the last year as Mr Martens and his skilled lieutenant Mr Jean-Luc Dehaene have successfully and energetically piloted through the first two stages of the programme of constitutional reform.



any sharp swing in voting could open up new divisions among the five centre-left parties in the government.

For the moment at least devolving power to the regions has eased tensions in the notorious Voerens/Forouens commune and in other areas around Brussels which had become flashpoints for Belgium's deep-rooted linguistic divisions. There also appears to be a broad consensus on economic policy, thanks largely to the favourable European economic environment which contributed to last year's 3.9 per cent jump in GNP (the best result since 1976) and which helped inspire the current private sector investment boom. The political balance is always precarious in Belgium, however, and the significance of the European poll is that

More than 200 candidates have been nominated for the 21 Belgian seats and thanks to the linguistic splits no fewer than 17 different party lists have been submitted. Voters in Brussels can opt to vote in either constituency and at the same time will be choosing the first elected council for the Brussels region, which will have 75 members. No major changes are expected - the Flemish-speaking Liberals may pick up an extra seat with former EC Commissioner Mr Willy De Clercq at the head of their list; the ubiquitous green parties are expected to enhance their position, particularly in Flanders; while of the main government parties the feeling is that the newly united Socialists may benefit at the expense of the Christian Democratic parties. Mr Jose Haeyert, the francophone ex-mayor of the Fournes, most widely identified with Belgium's perennial language squabbles, has been rewarded for his more compromising behaviour earlier this year with a prominent position on the French-speaking Socialist Party (PS) list - a virtual guarantee of his re-election to the Strasbourg assembly. This has not, however, prevented him engaging in some diversionary and publicity-seeking antics in recent weeks, notably over the controversial siting of a polling station outside his private front door. Another key personality in the campaign is Mr Leo Tindemans, Belgium's Foreign Minister and head of the Flemish-speaking Christian Democrat list, who is expected to step down from his post in the government to pursue his parliamentary ambitions. He is still extremely popular in his native Flanders - where he grabbed an extraordinary 35 to 40 per cent of the vote in the 1979 parliamentary elections - but his campaign to win the presidency of the Parliament is not given much chance of success. Some MEPs, for example, may not forgive him for refusing to appear before a Strasbourg committee of inquiry into the handling and transport of nuclear material.

The party least at ease within the government seems to be the Flemish Nationalist party, or Volksunie, which was brought in originally to secure the necessary two-thirds majority in Parliament for the constitutional reforms. The Volksunie did poorly in last September's local elections and some feel its participation in the government has lost it support for the more extreme Vlaams Blok. The significance of the European poll is that any sharp swing in voting could open up new divisions among the five centre-left parties in the government.

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A 'Genscherite' who stresses East-West ties

By David Marsh in Bonn

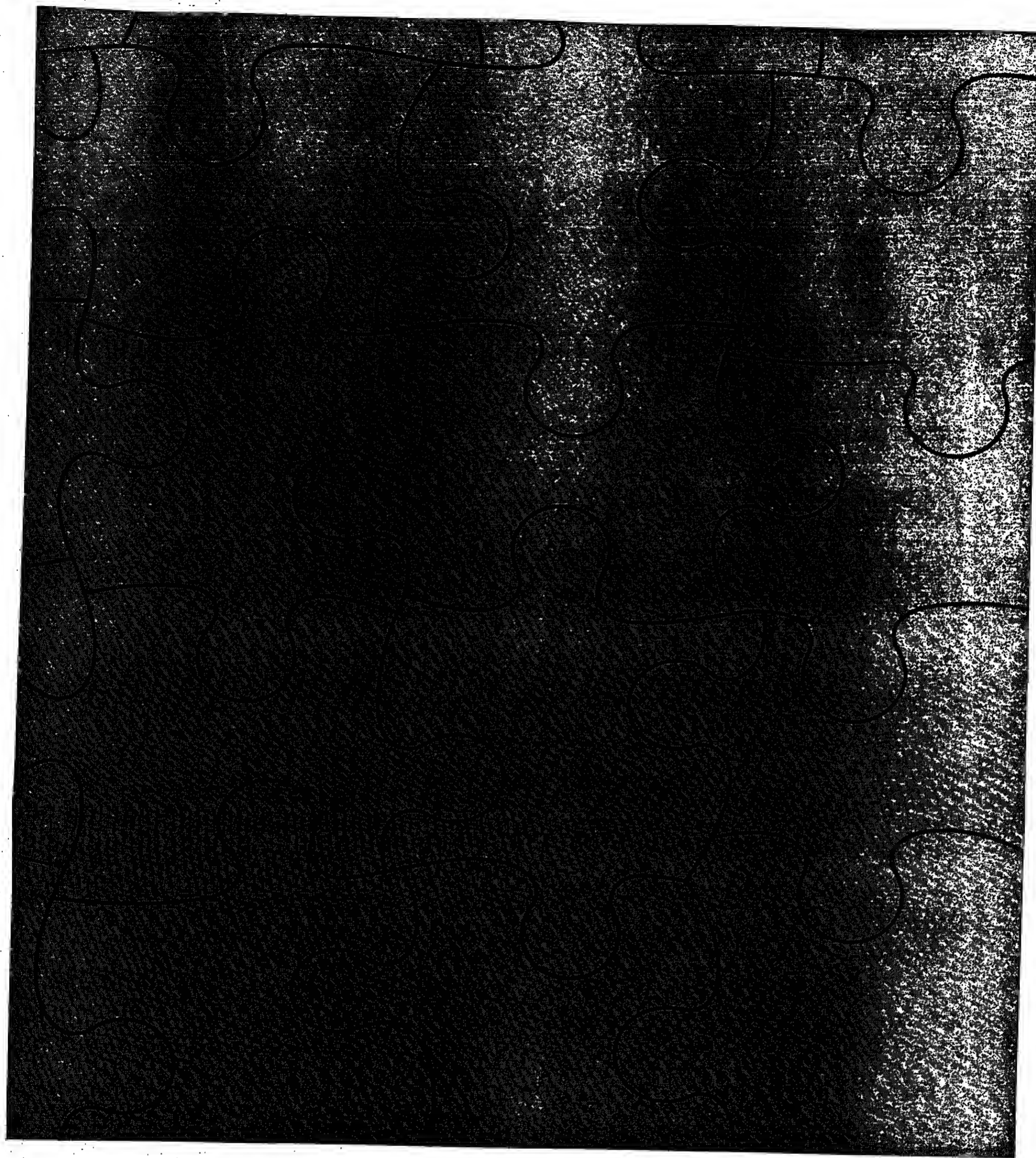
HOLDING aloft the European election banner of West Germany's liberal Free Democratic Party is a benign and well-connected 65-year-old who says he wants to make Europe a more pleasant place for his grandchildren. Mr Ruediger von Wechmar, who until the end of last year was the Federal Republic's ambassador to London, has stamina and a puckish humour. He has logged 22,000km by car on election trips around West Germany over the past two-and-a-half months. As ever, however, the Germans liberals are fighting to win the 5 per cent of votes necessary to gain parliamentary representation. For more than 40 years, Mr von Wechmar has been journalist, Bonn information official and diplomat. He was Bonn's envoy at the United Nations and in Italy. Now he is embarking on a new political career at a time when the Federal Republic is rapidly increasing its political weight in both eastern and western Europe. He claims not to be interested in retirement. "I didn't really think I would be the type for getting up and simply going to fetch the newspapers and the rolls for the day," he says.

Mr von Wechmar, a FDP member for 18 years, is an unabashed supporter of the East-West policies of Mr Hans-Dietrich Genscher, the FDP Foreign Minister. The Free Democrats' TV advertisements for the European poll are built around Mr Genscher's prominent features. This alone seems sufficient as an election slogan. "I am a Genscherite," says Mr von Wechmar. "It is a sign of quality. Genscher is the man not only with the ears but also with the nose. He is always five years ahead of everyone else. He is a great tactician - but also a great strategist. He sees opportunities in what is going on in eastern Europe." At his European election meetings, Mr von Wechmar says two main themes stand out. One is the planned post-1992 internal market. The other is the chance for East-West changes to improve the ground for reconciliation between East and West Germany. Mr von Wechmar tells rallies that self-determination for people in Communist Europe - including East Germany - is becoming more feasible. "Europe does not end at the Elbe. There are millions of people who want to take part in elections too." On the 1992 moves, he berates the Bonn government for not doing enough to inform West Germans about the opportunities and benefits. Even though British premier Mrs Margaret Thatcher's vision of Europe is the same as the Germans', the ambassador says he admires the UK publicity campaign to inform people about 1992. He wishes his country would take similar dynamic action. The German far-right is picking up support by complaining that West Germany is paying too much into the EC and is being swamped by multi-nationalism in exchange. "I can't understand why the federal press office doesn't do more. When you have a problem, you should inform people." He confesses he is "a bit worried" about the potential size of the radical vote - on both right and left - on June 28. Mr von Wechmar has not lived in West Germany since 1974. He says he is surprised by the change. "I came back to find a totally different republic - not to the one I had left, but compared with what I had seen here. Abroad, everyone says what a marvellous coun-

try we have become - 40 years of democracy, the D-Mark, clean streets, the trains run on time. Instead, I have found all this tearfulness, melancholy self-criticism. There is a convergence of different streams. Germany has a feeling of having grown up. But there is also a lot of self-pity." When he said his ambassadorial goodbyes to Mrs Thatcher in London, the Prime Minister expressed surprise that he was going to join the "socialist" European parliament. Reflecting on the dispute between London and Bonn over short-range nuclear missiles, Mr von Wechmar says emphatically: "I sympathise with my successor. I am sure he has a hard time, both with the Prime Minister and with the general public." Mr von Wechmar reflects that West Germany faces a challenge in finding the right international role. The country believes more these days that it has "put its foot down". But, he says, "it is a question of how loud and how big a foot you put down". Under Mr von Wechmar, German liberals in Strasbourg - provided they surmount the 5 per cent hurdle - will be putting their foot down with decorum.

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AMERICAN NEWS

Bush proposals tackle clean-air law deadlock

By Peter Riddell, US Editor, in Washington

PROPOSALS aimed to break the decade-long political stalemate in the US over clean air legislation were announced yesterday by President George Bush.

The president has also called on Congress to require motor manufacturers to phase in cars that use alternative fuels such as methanol, with a goal of 500,000 such vehicles being sold in the most polluted urban areas by 1995, and 1m after 1997.

Mr Menem is not due to be installed as the country's 46th president until December 10. However, the urgent economic crisis, the weakness of the Alfonsín Government, and the existence of a Peronist shadow cabinet have combined to raise the issue of an early handover.

Talks on handover to Menem near result

By Gary Mead in Buenos Aires

ARGENTINA'S president-elect Mr Carlos Menem, of the opposition Peronist Party, may soon take office, if a series of meetings this week resolve several outstanding issues to the satisfaction of him and President Raúl Alfonsín.

At the weekend, Mr Menem again raised the issue of his early takeover. Speaking on Brazilian television, he said that people were losing their patience and accused 'radical government functionaries' through their large, shady deals and their insipid, 'of having brought about the economic crisis.

stitution makes no provision for a president to resign. The present order of succession requires a president to be succeeded by, first, the vice-president and then, if necessary, the leader of the Senate (who happens to be Mr Eduardo Duhalde, brother of the president-elect).

Monetary officials in Buenos Aires are expected to announce the results of the annual meeting of the Bank for International Settlements said some \$160m of arrears to the fund, which began to emerge in April, had been cleared.

amounted to \$125m, while Argentina has financed part of the rest, according to the official figures. The decision to clear the IMF arrears followed consultations between the economic teams of outgoing President Alfonsín, and President-elect Menem. It will be viewed as a sign that the new administration intends a co-operative approach to the IMF.

IMF extends Jamaican credit deal

THE International Monetary Fund has agreed to extend the life of a current stand-by credit package for Jamaica six months beyond its scheduled end in September.

Right winger launches bid for Chile presidency

MR SERGIO Jarpa, president of the moderate right-wing National Renovation Party, launched his bid for Chile's presidency at the weekend.

Lady of the lake gets a facelift

Veronica Baruffati reports on grand plans for Peru's old steamer

ONE OF the last riveted iron-hulled ships still afloat today is awaiting renovation 12,500 feet above sea level in the chilly hilly waters of Lake Titicaca, high place of Viracocha, the creator god of the Incas.

The Yavari, named after the tributary of the Amazon which forms the border between Peru and Brazil, is a 240-tonne steam yacht constructed in 1863 in Birkenhead, north-west England, by Laird, Brothers Ltd, forerunner of Cammell Laird shipbuilders, to the order of Peruvian President Ramon Castillo.

Ownership of the Yavari changed hands several times - from the government to the state railway system, to the Peruvian navy for use as an

architect with the Maritime Trust, who was involved in the refurbishing of 'The Discovery', now docked in Dundee.

Ex-security chief sought for murder

By Richard Johns in Mexico City

A FORMER Federal Security chief, Mr Jose Antonio Zorrilla Perez, has been named in Mexico City as the man facing charges for the murder just over four years ago of Mr Manuel Buenafina Tellez, an investigative journalist for the newspaper Excelsior.

WORLD TRADE NEWS

US COMPANY SIGNS LONG-TERM DEAL WITH AEROSPATIALE Lockheed sets new sights on Europe

By Paul Betts in Paris

LOCKHEED of the US yesterday signed a long-term cooperation agreement with Aerospatiale, the French state-owned aerospace group, in an apparent effort to strengthen its access to the European market before 1993.

range of potential cooperation opportunities open to all divisions of the two aerospace groups. Aerospatiale and Lockheed also signed a separate agreement to explore cooperation in space activities.

that negotiations between Lockheed and the European Airbus consortium had been abandoned. Airbus had discussed subcontracting some production to Lockheed but the terms proposed by the US group appear to have been too expensive for the European consortium.

Japan hints at reform of distribution system

By Ian Rodger in Tokyo

JAPAN has signalled its willingness to reform its distribution system, as senior US and Japanese trade officials gathered for two days of talks at a seaside resort near Tokyo.

Indonesia donors come to talk aid but seek trade

By Ian Rodger in Jakarta

INDONESIA'S main donor consortium gathers today in the Hague for an occasion which tends to have more to do with trade than aid.

Contractors look to their governments for support as they bid for export orders, writes John Murray Brown

By John Murray Brown

CONTRACTORS in the UK, the Netherlands, France and West Germany will be looking to their governments for support as they bid for orders in what is a key market for heavy equipment sales.

Westland, McDonnell link up for £1bn deal

By Michael Donne, Aerospace Correspondent

TWO OF the world's major helicopter manufacturers, Westland of the UK and McDonnell Douglas Helicopter of the US, have joined forces to bid for an order worth around £1bn for light attack and anti-tank helicopters for the British Army.



The two companies plan to update the Apache helicopter would involve up to about 150 helicopters initially.

Brussels eyes Moscow trade deal

By David Buchan in Luxembourg

EC Foreign Ministers yesterday gave the European Commission a formal mandate to start trade negotiations with the Soviet Union.

Japan hints at reform of distribution system

A report submitted by a panel of distribution experts to the Ministry of International Trade and Industry (MITI) recommended that the law restricting the operations of big retail stores should be more flexibly applied.

Indonesia donors come to talk aid but seek trade

Indonesia's main donor consortium gathers today in the Hague for an occasion which tends to have more to do with trade than aid.



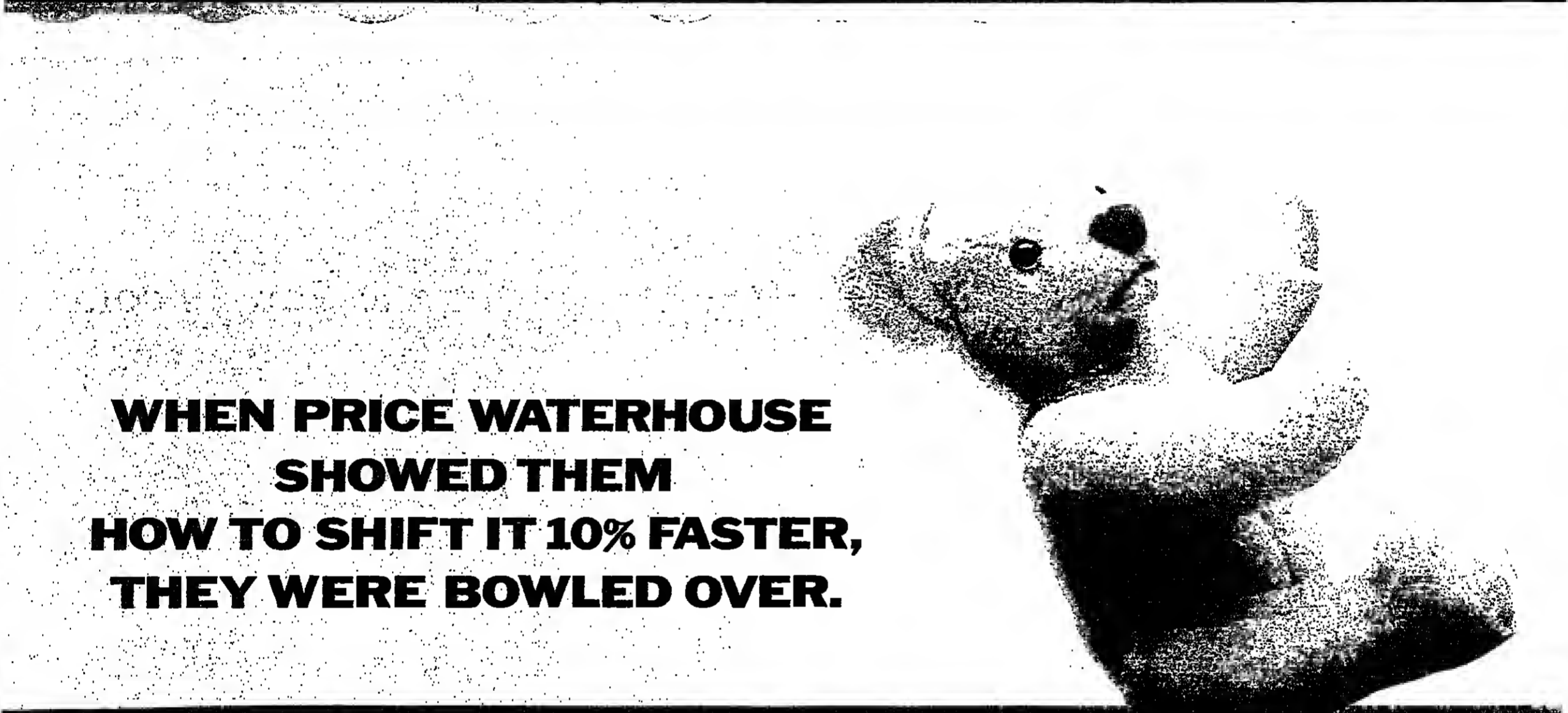
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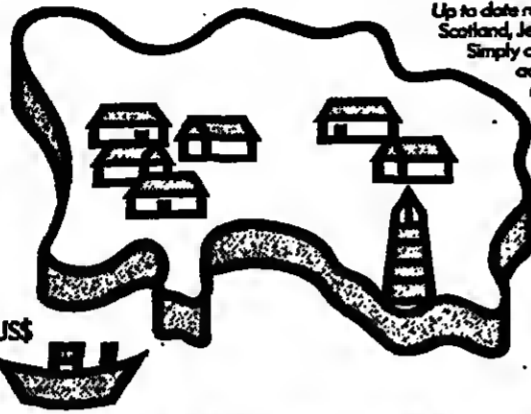
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### FT LAW REPORTS

## Currency exchange loss is not tax deductible

**BEAUCHEAMP v F.W. WOOLWORTH PLC**  
 House of Lords  
 (Lord Keith of Kinkaid, Lord Brandon of Oakbrook, Lord Templeman, Lord Oliver of Aylmerton and Lord Goff of Chieveley);  
 June 8 1989

CURRENCY exchange losses incurred by a UK retail trading company on loans from a foreign source are non-tax deductible capital losses, not losses on income, if the loans, though used to alleviate short-term trading problems, were not fluctuating and temporary, but were for a defined long-term period and constituted an increase of capital during that period.

The House of Lords so held when allowing an appeal by the Inland Revenue from a Court of Appeal decision (1988) 1 W.L.R. 57 that currency exchange losses incurred by F.W. Woolworth plc were losses on income, and restoring Mr Justice Hoffmann's order that they were capital losses and were therefore not deductible from income profits for tax purposes.

LORD TEMPLEMAN said that Woolworth was resident in the UK and carried on its retail trade through chains of shops.

In 1971 it borrowed Sfr 50m repayable in five years. It converted them into sterling. In 1976 it purchased Sfr 50m and repaid the loan.

In 1972 it borrowed a further Sfr 50m and converted them into sterling. In 1977 it purchased and repaid Sfr 50m.

As a result of a fall in the value of sterling in relation to Swiss currency, Woolworth incurred a currency exchange loss of £1.4m.

Expenses incurred in earning profits were deductible for income tax purposes. Expenses incurred in capital transactions were not deductible (see Income and Corporation Taxes Act 1970 section 130(1)).

Woolworth claimed that its loss was deductible, as revenue, from its retail trade profits. The Crown submitted the loans were capital transactions.

The special commissioners found in favour of Woolworth. Mr Justice Hoffmann held they had misdirected themselves in

law. The Court of Appeal restored their order on the grounds that the question was one of fact, and that the facts found by the commissioners were not such that no person acting judicially could have concluded the loans were revenue transactions. The Crown appealed.

The weight of authority supported the view that the question whether transactions were of a revenue or capital nature was a question of law to be determined in the light of the facts found by the commissioners, and that a trader who borrowed Sfr 100m for a fixed period of five years thereby enlarged the capital employed in the trade.

In *Strick v Regent Oil [1965] AC 285* Lord Reid said the question whether lump sums paid in relation to a petrol tax were revenue or capital was ultimately a question of law for the court but "... must be answered in the light of all the circumstances which it is reasonable to take into account."

On principle and in the light of judicial pronouncements, the question in the present case was one of law, and was rightly so dealt with by Mr Justice Hoffmann.

A trading company of this type could only earn profits if it provided for the payment of trading expenses and for the receipt of trading revenue. Temporary and fluctuating borrowings incurred in transacting business were revenue transactions.

On the other hand, a trading company which borrowed unconditionally a fixed amount for a definite period might use the money generally for the purposes of its business or for any other purpose authorised by its constitution. Even when the money was employed in the business it might be laid out on income expenditure or capital expenditure.

The special commissioners found that Woolworth intended to use the Sfr 100m to overcome a difficulty which was hoped to be of short duration, and which was caused by the fact that stocks were high and trade depressed.

But there was nothing to stop it from spending the whole or part of the money on capital items, and indeed part was spent on capital items.

The Sfr 100m, worth some

£10m, were available to Woolworth as additional capital. Its capital was increased by £10m in 1971 and 1972. It was true that the £10m was loan capital, but it was capital nevertheless. It was not income.

The authorities did not support the proposition that a borrowing of a definite sum for a fixed term of five years would be an income transaction.

In *Vallambrosa Rubber (1911) STC 529,536* the Lord President said "it is not a bad criterion of what is capital expenditure as against what is income expenditure to say that capital expenditure is a thing that is going to be spent once and for all, and income expenditure is a thing that is going to recur every year."

Similarly, in a rough way, it was not a bad criterion of what was capital borrowing as against income borrowing to say that capital borrowing was a thing that was going to be borrowed once and for all, and income borrowing was a thing that was going to recur every year.

A loan was only a revenue transaction if it was part of the ordinary day to day incidence of carrying on the business. It was not an ordinary incident of marketing unless, as the authorities showed, it was incurred in meeting ordinary running expenses.

The special commissioners said the issue was whether the borrowing took place in such circumstances that the borrowed monies were an addition to the company's capital resources, or formed part of its day to day activities in the earning of profits.

That question only permitted one answer: the borrowing itself did not form part of the day to day activities in earning profits.

The special commissioners came to the contrary conclusion.

Their reasons were that they found the loans were arranged to tide Woolworth over a short-term problem, namely the failure of its trading activities to generate sufficient cash flow to cover its day to day needs.

Mr Justice Hoffmann correctly reversed the special commissioners. He said that in attaching importance to what Woolworth sought to do rather

than to what it actually did, the commissioners misdirected themselves. The fact that the object of borrowing was to deal with a temporary shortage of cash was irrelevant if the solution actually adopted was by making an addition to Woolworth's liquid resources sufficiently permanent to be regarded as an accretion to its capital.

He said where there was no fixed term for repayment or the term was of a borderline nature, the use to which the money was put might throw some light on whether it was an accretion to capital. But this was not a doubtful case. The terms of the loans were sufficient to make it clear they constituted additions to capital, and it did not matter whether they were to be employed in the making of payments of a revenue or capital nature.

The Court of Appeal rightly accepted that "the basic principle in regard to loans is that if they are a means of fluctuating and temporary accommodation, they are to be regarded as revenue transactions and not accretions to capital."

But it accepted Mr Park's argument that the nature of the advantage to be acquired by the transaction was the importance of trade over five-year periods.

Woolworth's trade was furthered over a five-year period by an increase of capital during that period, and not by fluctuating and temporary accommodation. It made a loss of £1.4m, but it was a loss in connection with a capital transaction.

Unfortunately the capital gains legislation did not apply to a currency exchange loss as an allowable loss. It was understood that the legislation was under review.

As the law now stood, the appeal should be allowed. Mr Justice Hoffmann's order was restored.

Their Lordships agreed.

For the Crown: Christopher McCall QC and L. Henderson (Inland Revenue solicitors)  
 For Woolworth: Andrew Park QC and David Goy (Lovell White Durran)  
**Rachel Davies**  
 Barrister



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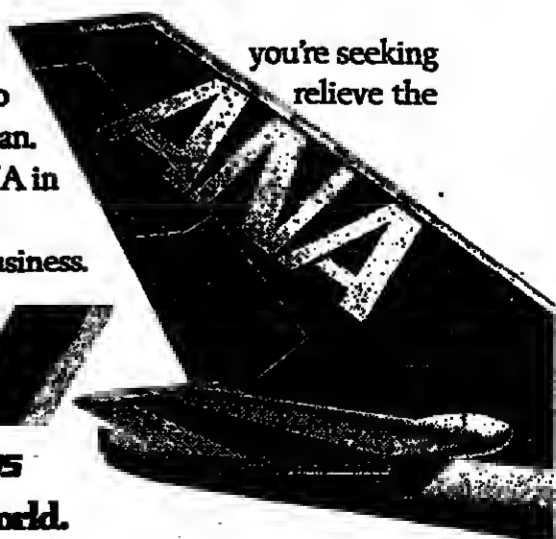
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UK NEWS

Transport chaos looms as railwaymen vote to strike

By Charles Leadbeater, Labour Editor

LONDON faces the prospect of the worst transport disruption for seven years after the National Union of Railwaymen yesterday announced that its members at British Rail and London Underground had voted heavily in favour of industrial action.

However NUR officials said it was unlikely the union would wait for Aslef to decide what action to take. The NUR's 75,000 BR members voted by 34,988 to 15,762 for an overtime ban and by 29,675 to 20,704 for 24-hour strikes, over BR's imposition of a 7 per cent pay award and plans to end centralised national pay bargaining.

Mr Jimmy Knapp, the NUR's general secretary said the union had a clear mandate for industrial action, which showed there was widespread opposition to both corporations' plans to impose changes in working practices. He called for further negotiations. The rail unions will meet London Underground on Friday for talks on Action Stations and driver only trains.

Dock stoppage spread limited

By Jimmy Burns, Labour Staff

THE unofficial docks strike spread to more ports yesterday but fell well short of the nationwide action predicted by militant shop stewards. By last night over 3,400 out of 9,400 registered dockers in 12 ports were on strike - just 100 more dockers on strike than at the weekend.

Senior managers at the Port of Southampton said last night that they hoped that the local workers' decision not to strike would pave the way for local talks before the abolition of the Dock Labour Scheme, which guaranteed dock workers a job for life, is passed into law next month.

Mr Ian Dale, public affairs manager of the National Association of Port Employers (NAPE) said: "It looks like a bit of a damp squib. Clearly the call for the strike to be extended today was pointless."

Lords hearing clears Lonrho of contempt

By Richard Donkin

LONRHO, the international conglomerate, yesterday promised to continue its attempts to expose what it termed "a serious fraud on the British Government" after it was finally cleared of contempt of the House of Lords.

It had faced the accusation because of publication of a special midweek edition of the Observer newspaper - owned by the group - on March 30 which contained extracts from a leaked Government Inspector's report on the takeover of the House of Fraser by the Egyptian Al Fayed brothers.

attempt to force Lord Young, Secretary of State for Trade and Industry, to publish his inspectors' report into the takeover of House of Fraser by the Fayed brothers. House of Fraser owns the prestigious London store Harrods.

defence are believed to approach £500,000. Earlier all those named in the case, the four directors of Lonrho - Mr Tiny Rowland, chief executive, Sir Edward, Mr Paul Spicer and Mr Robert Dunlop, with two lawyers and Mr Trefford, were told they would not be required to give evidence in the hearing.

prepare the ground for his use of the report partially in the context of the court? Mr Laws disclosed in opening the hearing that Mr Rowland had explained in an affidavit the reason for a meeting he held with legal advisers before the report appeared on his desk.

Yoghurts linked to botulism outbreak

By Lisa Wood and Ian Hamilton Fazey

BRITAIN'S food industry and Government were yesterday faced with another scare over food hygiene after an outbreak of botulism poisoning in Lancashire, north-west England.

post as junior health minister after having claimed that "most" of Britain's egg production was contaminated with salmonella. Mr Kenneth Clarke, the Health Secretary, commenting on the latest outbreak said: "It could potentially be tragic. It is very serious."

botulism was yet to be confirmed by laboratory investigations. These are underway. The Department said information suggested a probable link with the use of a particular hazelnut puree in the production of some yoghurts.

manufactured by a different company, may have been implicated in one case in Oldham. It was in view of this new development, and as the situation was not yet clear, that it was advising for the time being that the public should not eat any brand of hazelnut yoghurt.

Lawyers go to court over Clowes payments

LAWYERS representing Mr Peter Clowes, the former chief executive of the failed Barlow Clowes investment group, are planning to go to the High Court in a bid to prevent the £1,000 a week he receives from being blocked.

Demanding tastes raises the pressure on food industry

Chris Parkes on problems of food supply

THE catalogue of consumer demands on the food industry has mounted steadily as British eating habits have become more sensitive to the vagaries of fashion, the influence of political, health and animal welfare lobbyists, and the lingering after-effects of eating exotic foods on foreign holidays.

and not the fresh and chilled produce which have drawn so much attention in recent months. It was not properly relevant to the debate. But the outbreak, apparently originating in cans of hazelnut puree, is certain to rouse more passionate discussion and more demands for tighter controls on the food industry.

Shorts wins order Short Brothers, the state-owned Belfast aerospace company which is now being sold to Bombardier, the Canadian transport group, has won a £50m order from Rolls-Royce for engine cowling.

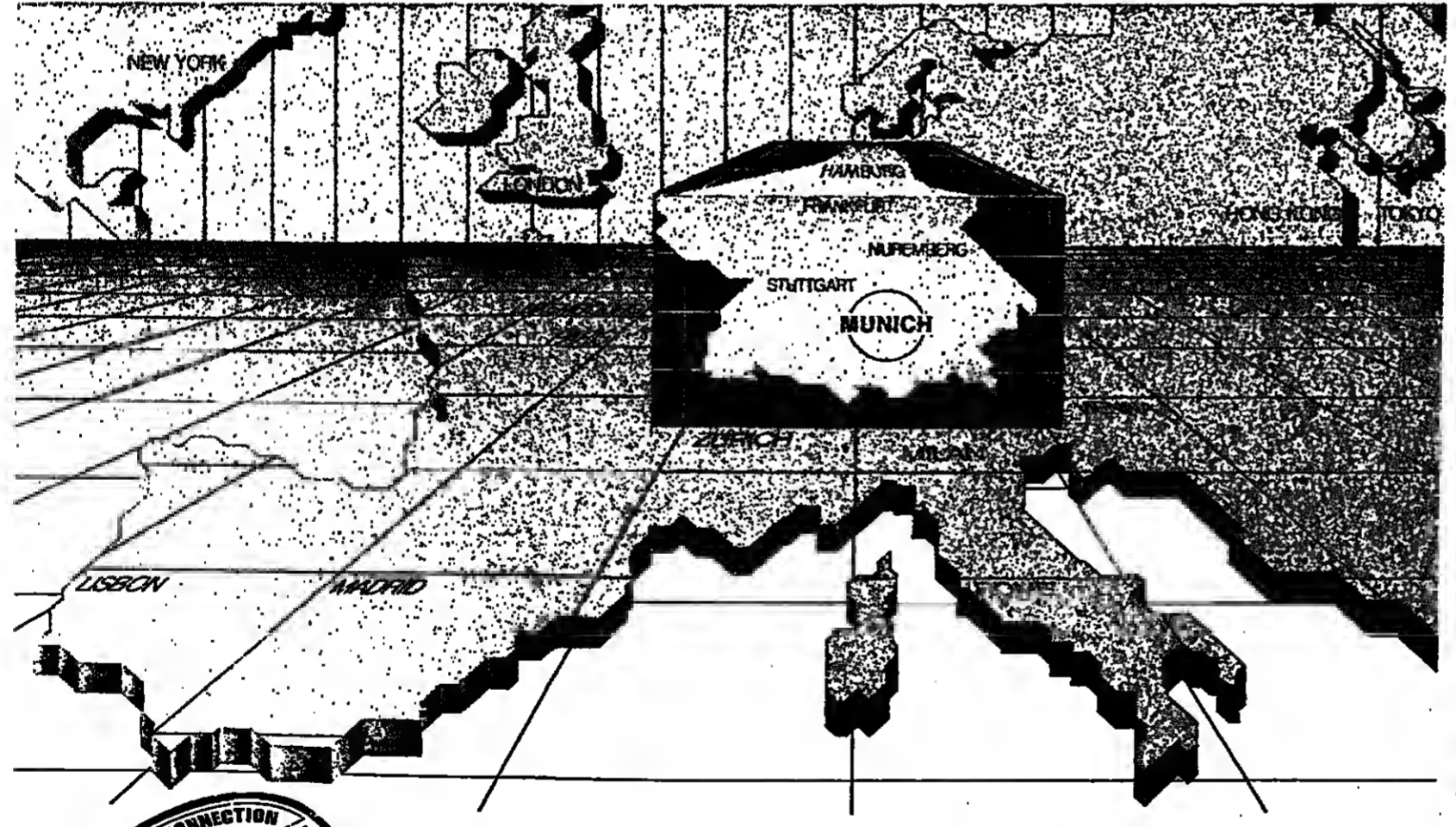
BMA fights reforms The British Medical Association yesterday stepped up its campaign against the Government's health reforms in advance of a meeting with Mr Kenneth Clarke, Health Secretary, tomorrow.

Labour tunnel move Britain's opposition Labour Party is to hold an alternative public hearing into the proposals for a high-speed rail link between London and the Channel Tunnel, it was announced yesterday.

London traffic slows Road congestion has slowed London traffic to less than 12 mph, according to the Department of Transport. Latest figures showed morning traffic in London in 1987-88 averaged just 11.8 mph.

Robson stays on England soccer manager Mr Bobby Robson said he would not resign over newspaper allegations that he had an affair with a divorcee. He refused to confirm or deny the reports and said: "I have not been asked to resign."

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GEC to close torpedo plant

By Terry Dodsworth, Industrial Editor

THE GENERAL Electric Company (GEC), Britain's leading defence electronics contractor, is closing its torpedo component manufacturing plant at Farnborough in Hampshire with the loss of about 60 jobs.

which runs the Farnborough plant, is aiming to redeploy 100 of the redundant workers. About 50 jobs will be offered employment at its nearby Waterlooville factory, and a further 50 at the Weston assembly facility in Gloucester.

expressed interest in re-entering the business. Marconi said it remained confident about its chances of winning the main production contract for the Spearfish, which it has already manufactured on a development contract basis. However, the pause in manufacturing at Farnborough meant that it could not keep the unit going.

UK NEWS

Inflation pressure eases; spending trend still down

**Big retail sales jump for May surprises City**

By Ralph Atkins, Economics Staff

A UNEXPECTEDLY large jump in official retail sales figures for last month, yesterday suggested the slowdown in UK consumer spending may have been temporarily reversed.

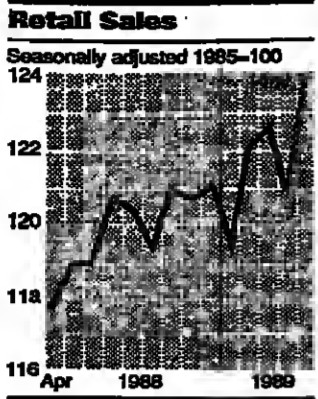
Retail sales volumes increased by a provisional 2.5 per cent in May after adjusting for normal seasonal variations, the Department of Trade and Industry said. That was the biggest monthly rise for more than two years.

The size of the rise surprised analysts and more than reversed a 1.4 per cent fall in April. However, the underlying trend continues to point to a marked slowdown since last summer.

In the three months to May, the level of sales was 1% per cent higher than the previous three months. Compared with the corresponding three months a year before, sales were less than 4 per cent higher - down from peaks of 7 per cent last year.

May's sales are likely to have been boosted by exceptionally sunny weather which encouraged shoppers. April's figures could have been distorted by problems in accounting for the earlier-than-usual Easter.

Since last year, retail sales growth has been hit by the steep rise in mortgage rates. However it is likely most of the effects have now faded through and last month's figures may reflect consumers re-adjusting spending patterns. Retail sales account for about 40 per cent of total consumer spending.



The seasonally adjusted index of retail sales volumes stood at 123.9 (1985=100) in May compared with 120.9 in April. The value of sales was £8.98bn - 9 per cent higher than May 1988.

Alice Rawthorns adds: Retail groups selling products for the home, such as carpets and furniture, face slower sales growth and pressure on profits due to the impact of higher interest rates on spending.

A study from the Corporate Intelligence Group, suggests that the home products retailers should muster some sales growth this year. Corporate Intelligence disagrees, however, with the pessimistic predictions that sales of costly items - such as carpets or three piece suites - will fall because of the slowdown in the housing market and the pressure on personal disposable incomes.

**Factory prices show slowdown**

By Our Economics Staff

SIGNS OF a mild weakening in inflationary pressures came in official figures yesterday, showing a slowdown in the rate of increase in factory-gate prices of manufactured goods.

The manufacturers' output prices increased by 0.5 per cent last month - after a 0.5 per cent rise in April, the Department of Trade and Industry said. That cut the annual rate of growth from 5.0 per cent to 4.9 per cent.

Other figures showed a slower growth rate for the prices of materials and fuel purchased by manufacturing industry. This could reduce future cost pressures. The figures were better than most analysts expected.

They suggest slower output growth may be increasing competition within manufacturing, restraining price rises. The strength of sterling, at least until recently, could also have increased competition.

However, manufacturing goods form only part of the basket of goods used to calculate the retail price index. City analysts fear other sectors of the economy - particularly services - could continue to push the inflation rate higher.

**Interest rates take time to bite investment**

Ralph Atkins describes the difficulties in calculating the effects of costlier money

LOOKING trade deficits and rising inflation may have sent interest rates higher, but the boom in UK manufacturing investment continues unabated - so far. Yesterday's Department of Trade and Industry survey showed that buoyant manufacturing investment was expected to continue throughout 1989 with only a gradual deceleration in 1990.

Such rapid growth lies at the heart of the industrial "transformation" about which Mr Nigel Lawson, the Chancellor of the Exchequer likes to boast. Last year manufacturing investment, including leased assets, rose by more than 14 per cent and has averaged about 7 per cent a year since 1982. This, the Government argues, has meant industry is more efficient, competitive and can grow at a faster rate without fuelling inflation.

But beware exaggeration. Manufacturing capital spending is scarcely higher than a decade ago and could merely have been driven by the need to overcome capacity constraints. Manufacturing investment has also fallen as a percentage of total investment.

Mr Ian Burnett, UK economist at ANZ McCaughan, said: "When you look at the low level of investment and the amount of scrapping that there was in the early 1980s, the country certainly needed to have a lot of investment." More important, further supply side improvements depend on continuing investment growth. The danger is that each upward jerk in interest rates adds to the cost of finance and tests manufacturers' confidence.

Longer-term, secondary effects of higher interest rates, in slowing output and on the exchange rate may be even more damaging. The problem is in disentangling the effect of a rise in the cost of borrowing from the mass of factors that may determine investment. These include:

- Domestic output and capacity considerations. Strong growth in production since the early 1980s has required strong investment. Equally, however, even in times of recession or slower output growth, price competition may mean strong investment is needed to improve efficiency.
- The global economic environment. A sterling appreciation may cut manufacturing competitiveness overseas, discouraging capital expenditure. Manufacturing goods are easily tradable, leaving investment plans prone to global trends in output.
- The ability of companies to fund investment. If the cost of capital rises through a rise in interest rates, investment

Manufacturing investment is expected to rise by about 15 per cent this year, according to yesterday's Department of Trade and Industry survey. Results of the spring investment intentions survey show manufacturers' direct investment is expected to rise by about 14 per cent while spending on assets leased from the financial sector is forecast to rise by about 20 per cent.

The DTI said all manufacturing sectors except mechanical engineering are expected to invest more in 1989 than in 1988.

Plans may have to be scaled back. Long-term rates are more likely to affect decisions than shorter-term base rates. The fall in company liquidity in the past year could restrict scope for funding investment and increase the impact of higher interest rates. But finance can also be found on, for instance, the corporate bond or equity market.

Profit incentives. Earlier this year the Treasury estimated the rate of return in the private sector has risen to about 11 per cent in real terms before tax, almost certainly encouraging further investment. Among forecasters, however, there are fears that the expected economic slowdown and higher inflation could lead to a significant profits squeeze.

Psychological or expectations effects which determine investment decisions. These factors lie behind attempts by the Treasury and others to predict investment behaviour. Its model looks at factors such as output growth, liquidity, tax allowances and the cost of capital relative to labour costs. Results supplied by the Ernst & Whinney Independent Treasury Economic Modelling Club, which has a copy of the Treasury model, give some insight into how higher interest rates might bite.

At the same time the cost of capital rises as external funds are hit by high interest payments and equity funding becomes more expensive. Two years after a one point rise in base rates, manufacturing investment is 2 per cent lower than it would otherwise have been and is 3 per cent lower than all the effects have eventually worked through.

This may underestimate the full impact. The Treasury model could underplay the possibly powerful impact of a change in sentiment by manufacturers. Even if every economic variable is pointing in the right direction, businessmen will not invest if they are nervous about the future.

So far there is little sign of this happening. Surveys by the Confederation of British Industry and others point to a high level of confidence among manufacturers that has only recently begun to show signs of edging lower. Investment in the UK by car manufacturers such as Toyota and Nissan has almost certainly been attracted by a relatively low-wage workforce and the prospects of exporting overseas.

That said, sentiment remains prone to upsets - a shock rise in base rates that is perceived as a panic measure, or exaggerated reports of the economic slowdown.

**Commission to raise brewery competition**

By William Dawkins in Brussels

PROPOSALS by the European Commission to boost competition in the brewing industry are likely to go further than the British Government's own plans to reform the tied house system, EC officials said yesterday.

Moves to alter the system, which allows brewers to make cheap loans to privately owned pubs - free houses - in return for a promise to stock their beers, are already the subject of fierce lobbying in the UK.

The tied system could be reduced further when Brussels publishes its review of a 1984 EC exemption from the general ban on exclusive purchasing agreements later this year.

A spokesman for Sir Leon Brittan, Commissioner for Competition policy, said the review was likely to "go rather further than what the British Government appears to be considering at the moment."

The review could jeopardise British brewers' hopes that they might be able to rely on EC law to help them retain their traditional loan ties with independent pub owners, which are likely to be challenged in the UK Government's separate review.

It indicates that aggrieved British brewers are unlikely to get much political help from Brussels if they want to cite the block exemption to fight the Government's forthcoming decision on a March report on tied houses from the UK Monopolies and Mergers Commission.

The report, now being considered by Lord Young, the UK Trade and Industry Secretary, recommends no brewery

Britain is awaiting Brussels' response to a possible compromise over the limit on foreign shareholdings in Radio-Boyer, the beer-engine group, writes William Dawkins.

Brussels threatened legal action against Britain earlier this year on the grounds that its 15 per cent ceiling on non-UK holdings in the former state group flouted EC free trade and investment rules. Action was suspended, however, while the sides search for agreement.

The main element of the outline deal is to lift the foreign shareholder ceiling to 25 per cent. Another element may be to issue separate tranches of non-voting shares, should be able to own more than 2,000 pubs and they should adopt far more flexible loan ties with free houses than at present. It also calls for curbs on restrictive purchasing agreements. Lord Young's department has over the past few weeks been in negotiations with the brewers with a critical meeting scheduled for tomorrow.

He has had several discussions on the issue with the Commission, and the Office of Fair Trading, which will have to implement some of Lord Young's eventual proposals, is anxious to prevent brewers watering down the plans at national or EC level, say officials.

The Brussels authorities will need several months to change the block exemption, formally due to run out in 1997, once Sir Leon Brittan's conclusions are published.

**Rothschild to fund technology companies**

By Peter Marsh

N.M. ROTHSCHILD, the UK merchant bank, is planning an unusual venture-capital fund aimed solely at financing companies involved with materials technologies.

The fund, for which the bank hopes to raise £20m over the next two months, is intended to back new European companies involved in areas such as medical implants, industrial enzymes, high-temperature engine components and magnetic materials for use in electronics.

Rothschild, which plans to gain the cash for the venture from a range of investors including financial institutions and manufacturing companies, is launching the fund in conjunction with Scientific Generics, a UK technology consultancy.

Under the Rothschild plan, Cambridge-based Scientific Generics will advise on investments. It may also second staff to help in technological developments undertaken by companies that the Rothschild scheme supports.

Scientific Generics has a staff of more than 100 who specialise in materials technologies related to fields such as electronics, chemicals and life sciences.

Mr Nigel Street, a Rothschild executive with responsibility for the materials fund, said he thought the liaison between his bank and Scientific Generics broke new ground in developments related to venture capital.

He said other venture-capital funds failed to gain the best value out of their investments because of a lack of detailed expertise in technology on the part of the funding organisations. "By bringing in Scientific Generics we are gaining a huge amount of new resources to help us evaluate proposals," he said.

The materials fund aims to back new companies through capital injections of up to 50 per cent of the businesses' total equity. Mr Street said he thought most investments by the fund would be worth between £50,000 and £500,000.

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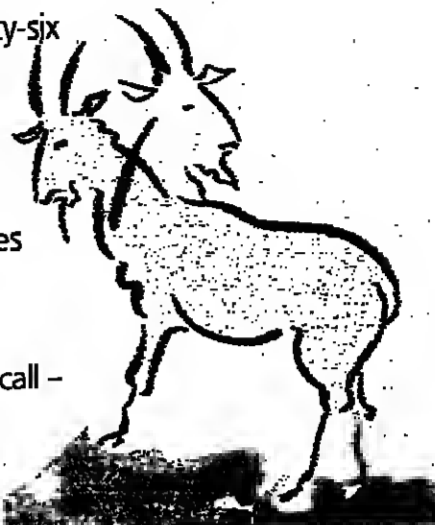


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FINANCIAL TIMES

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Tuesday June 13 1989

Gorbachev in Germany

PRESIDENT Mikhail Gorbachev's visit to West Germany, which began yesterday, must rank as one of the most important developments in East-West relations since the Soviet leader came to power in 1985.

country in the long term. In spite of all the euphoria surrounding the Gorbachev visit and the domestic political pressures that he is under, it would be most surprising if Chancellor Helmut Kohl were to make rash statements or commitments.

Alarm in UK

What is causing most anxiety among West Germany's partners is its attitude towards nuclear weapons. Those, like the British Government, who believe that nuclear weapons are the ultimate guarantee of peace in Europe, have been alarmed by the warm response that Bonn has given to Mr Gorbachev's latest arms control initiatives.

Positive attitude

West Germany is therefore not stepping out of line in giving Mr Gorbachev a warm welcome and adopting a positive attitude to the Soviet leader's stated desire for closer relations.

The brain drain in perspective

IN 1987, the top eight UK emigrant economists were cited by their peers as the most frequently cited as the entire 50-strong economics faculty at the London School of Economics. The point was made by three of the UK's best labour economists (who are themselves leaving for richer pastures in the US) in order to counter the Government's argument that no "brain drain" exists because there is a net inflow of academics.

Inimical climate

In any case, pay is not the only problem: British academics have never enjoyed salaries comparable to those available in the US. Many of the brightest are leaving because they regard the present climate as inimical to serious academic work.

Loss of stars

An analysis of the quality of staff inflows and outflows has not been conducted in other subjects. But anecdotal evidence strongly suggests a similar haemorrhage of talent.

Mr Robert Jackson, the Minister for Higher Education, argues (see letters opposite) that universities only have themselves to blame. If they have failed to retain their stars, it is because they have not paid them enough: the brain drain is caused primarily by misplaced egalitarianism.

Human capital is arguably the most precious resource in any economy. As the decades pass, the correlation between economic success and educational attainment will become increasingly obvious.

Robert Mauthner on the plight of the world's 14m refugees

Violent events in China have diverted the world's attention from a tragic situation just off-shore in Hong Kong, which might otherwise have dominated the headlines - the plight of the Vietnamese boat-people, of whom some 75,000 are languishing in camps in east and south-east Asia.

They will be the main subject of an international conference on Indochinese refugees opening in Geneva today. But desperate as the situation of the boat-people is, it is only the tip of the iceberg of a world refugee problem which has begun to run out of control.

Now totalling some 14m, the international refugee population has been described as the fourth world by William Shawcross, author of several books on the subject. Fundamentally, however, it is a Third World problem. Only about 10 per cent of the refugees are to be found in the western industrialised countries, while the remaining 90 per cent - some 13m - are spread around the Third World, mainly in the African continent, the Middle East, south-east Asia and central America.

The "host" countries are among the poorest in the world and thus the least capable of dealing with the influx of refugees, who themselves represent the most deprived and least educated segments of their native countries. A few examples underline the problem. Pakistan has had to absorb more than 3m refugees from Afghanistan, and Iran more than 2m from the same country.

By the end of 1988, according to United Nations figures, there were over 685,000 refugees in Ethiopia, including two large national groups: Sudanese in the south-west and Somalis in the south-east. At the same time, the countries from which these refugees came were themselves taking in refugees from the other side of the border. Thus, by the end of last year, Somalia had played host to some 650,000, not to speak of tens of thousands of Chadians and Ugandans.

These countries do not deal with an economic and social problem of this magnitude without substantial international aid, much of it channelled through the United Nations High Commission for Refugees (UNHCR), which depends mainly on voluntary contributions from member states.

There is nothing new about the problem. Enforced mass migration has occurred throughout the world's history. The slave trade across the Atlantic over the centuries was one of the largest, involving an estimated 10m Africans. In the 17th century, a



A world lacking in safe havens

quarter of a million Huguenots fled religious persecution in France. But the Huguenots were often skilled people, able to make an important contribution to the economic and cultural life of host countries such as England and the Netherlands.

What has changed in the 20th century is the general perception that refugees pose a humanitarian problem and should be an international responsibility. That is the theory, at

least. In practice, governments in the developed world, with only a few exceptions, often feel obliged to put their doors to more than 50m British passport-holders from Hong Kong, for instance, would exacerbate a serious unemployment situation, put intolerable strains on an extended social security system and run the risk of pro-

LARGEST REFUGEE GROUPS. Table with columns: Country, Number '88, Source. Rows include Afghanistan (5,751), Cambodia (336), Palestine (2,288), Sudan (301), Mozambique (1,188), Rwanda (167), Ethiopia (11,222), W Sahara (470), Iraq (400), El Salvador (152), Angola (404), Tibet (100), Somalia (400).

economic factors played their part, but the process was facilitated by the ethnic and cultural affinities of the refugees and the host countries.

Over the last 30 years or so, often as a result of the economic and political conditions in newly independent countries, most of the migrations have taken place either within the developing countries or from the "Third World." In the words of Mr Jean-Pierre Hoché, the UN High Commissioner for Refugees: "Liberal asylum traditions have been jolted by the new reality of asylum seekers coming directly from sanctuary lands through

the development and proliferation of air transportation systems. There is a growing perception in western countries that their generosity in providing homes not only to refugees emanating from their own region, but also to large numbers of refugees from other regions, is being overstressed and, in some cases, abused by ordinary fortune seekers.

Davy beats the tanks

Some commercial life goes on in China, despite the political turmoil. Roger Kingston, chief of the Davy Corporation, tells the story of how his company decided - partly on official advice - to recall all but a handful of its non-Chinese staff last week.

When the message was passed, however, two of the Davy employees turned what Kingston calls a "Nelson's eye" to the signal. Ivan Phillips and Mel Pearson were staying in a Peking hotel in the closing stages of negotiations for a multi-million dollar fertilizer deal.

Wrong man

Roy Hattersley recalls that when he was a junior minister in the Foreign Office, he went to Hungary on business only to be told by the British ambassador that the Prime Minister had cancelled his visit to Hungary to remember whether the Prime Minister or the General Secretary of the Party was the most important figure in the country.

Trousers down

Imagine Peter Brooke, the chairman of the Conservative Party, posing for a picture in a glossy magazine with crumpled trousers around his ankles. It is not inconceivable that his trousers might fall down, but he would hardly go round making a show of it.

Lee Atwater, Brooke's opposite number in the US as chairman of the Republican National Committee, appears in the latest issue of Esquire magazine, saluting with his trademark trousers around his feet, and was not caught unaware.

The 35-year-old Atwater is a somewhat unconventional Republican chairman. He belongs to the play-it-tough, and if necessary dirty, school of politics of the kind championed in the Nixon White House. As George Bush's cam-

OBSERVER

so it's worth going on talking. The deal signed last week, incidentally, is for a plant at Xuzhen and the contract will be handled by Davy's engineering centre in Lakeland, Florida.



aign manager last year, he was responsible for some of the most negative themes: notably the focus on Willie Horton, the black murderer who raped a white woman while on parole from a prison in Michigan.

Atwater has taken these techniques into his new job, launching an ethical crusade against Democrats. This backfired last week when Mark Goodin, his communications director, was forced to resign after writing a memo smearing the new Democratic Speaker, Tom Foley.

Bush described the memo as "disgusting," but said he accepted Atwater's protestations of ignorance - a view not shared by everyone in Washington. Even those who gave Atwater the benefit of the doubt argued that such sneers were a natural result of his style of politics.

tion in the capital, has raised again the question of the two faces of George Bush: the recalcitrant who can tolerate Atwater-type tactics.

A kind of Hess

The death of Jose Lopez Rega, known to admirers as "el brujo" (the wizard), has brought another chapter of murky Argentine politics to a close.

The former police sergeant who became General Peron's most powerful - and most feared - aide is said to have died of a heart attack last Friday at the age of 72. Freemason and author of many books on astrology (in which he supposedly revealed details of his private conversations with the Archangel Gabriel), Lopez Rega idolised Juan Peron, and was rewarded for that by being appointed Minister of Social Welfare in May 1973.

Like for like

In a Lambeth market last week a stallholder was displaying a book in a sealed wrapper labelled: What Every Small Man Longs For. Asked what was inside, the stallholder said it was a copy of Little Women.

CASHFLOW advertisement for H&H FACTORS LTD. Text includes: 'Hidden deep within your company's existing assets lies an untapped source of working capital. Reach it, and you will release much needed finance, without compromising your equity, or your independence.' Also features the H&H logo and contact information for various regional offices.







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FINANCIAL TIMES COMPANIES & MARKETS

Tuesday June 13 1989

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INSIDE

Exxon to spend \$1bn on chemicals plants

The chemicals division of Exxon, the US oil company, this year plans to spend \$1bn (245m) worldwide on plant investment...

Quiet success story

Lend Lease is the only one of Australia's top 30 companies with its main business in property...

Hong Kong's battering goes on

While Hong Kong was suffering its worst week since the 1987 crash and its jitters spread through the Asian region...

Fine as far as it goes

The recent rainstorms were welcome to the farming community and did some good...

Unigate held back by salmonella outbreak

Unigate, the food and distribution group chaired by Mr John Clement (left), yesterday reported a pre-tax profit of £100.5m...

Market Statistics table with columns for Base lending rates, Benchmark Govt bonds, European options etc.

Companies in this section table listing various companies and their share prices.

Share price changes yesterday table with columns for Frankfurt (DM), Paris (FFP), and New York (S).

London (Pence) table listing various companies and their share prices.

Saab-Scania hit by loss in cars division

By Robert Taylor in Stockholm

SAAB-SCANIA's car business plunged to a SKr450m (663.2m) loss in the first four months of this year...

Saatchi may sell its consultancy division

By Nikki Tall in London

SAATCHI & SAATCHI, one of the world's largest advertising and consultancy groups, is reviewing the future of its management consultancy arm...

King of the capitalists' club

Alan Friedman reports on the enormous power wielded by Enrico Cuccia

Each morning, just before 8 o'clock, a hunched and wrinkled 81-year-old gentleman wearing a tailored grey suit...



"Puppet-master of Italian finance": Influential banker Enrico Cuccia will stand trial accused of operating L24bn slush fund

Having taken his morning coffee at the bar of the Biffi Scala the little man with the slicked-down hair and piercing blue eyes strolls into the courtyard...

He is Enrico Cuccia, and he is the honorary chairman and former managing director of Mediobanca, the Italian merchant bank that is currently in the eye of a judicial storm.

otto Buono, or "good drawing room" of Italian capitalism. Admired by his friends for his talents at intricate financial engineering and damned by his critics as a stubborn and vindictive man...

doesn't care about the market - he is so secretive that he is the opposite of a market operator. The managing director of one Milan-based bank who, like others, declined to be quoted by name when speaking of Mr Cuccia...

French Senate votes to prevent cross-shareholding defences

By George Graham in Paris

THE FRENCH Senate has voted for new legislation to prevent companies from defending themselves against takeover through crossed shareholdings...

Control Data disk-drive disposal

By Roderick Oram in New York and Louise Kehoe in San Francisco

CONTROL DATA, the struggling US computer hardware and service group, has sold its Imprimis Technology disk drive business for \$450m to Seagate Technology...

Admiral Homes £75,000,000 Financing of Admiral Homes. PHILDREW VENTURES initiated, structured, led and syndicated the financing.

INTERNATIONAL COMPANIES AND FINANCE

Canadian Imperial Bank of Commerce
NOTICE to the holders of CANADIAN IMPERIAL BANK OF COMMERCE (CIBC) US \$200,000,000 Floating Rate Debentures due July, 1994 (the "Debentures")

FINANCIAL SERVICES BUDGET ACCOUNT
Notice is hereby given that with effect from 21st June 1989 the interest charged on AA Budget Accounts will be 2.55% per month APR 35.2%

The Royal Bank of Scotland Group plc
US\$350,000,000 Undated Floating Rate Primary Capital Notes
In accordance with the Terms and Conditions of the Notes...

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Table with columns: High Low, Company, Price, Change, Div (p), Yield, P/E

BANQUE PARIBAS
U.S. \$200,000,000 Undated Floating Rate Securities
In accordance with the provisions of the Securities, notice is hereby given that for the three months interest period from 13th June, 1989 to 13th September, 1989...

U.S. \$100,000,000 Allied Irish Banks plc
Floating Rate Notes Due 1995
Subordinated as to payment of principal and interest

Dallas raider lifts Lockheed stake

By Anatole Kalotky in New York
MR HAROLD SIMMONS, the Dallas takeover specialist whose disclosure of a big investment in Lockheed two months ago coincided with a wide-ranging financial restructuring of the big US aerospace company...

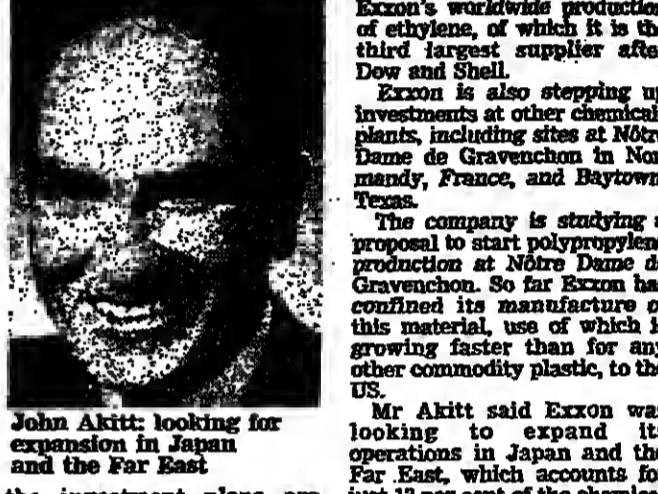
Lockheed shares had been acquired at prices ranging from \$47 to \$49. Our Financial Staff adds: Lockheed earlier this year reported a 42 per cent fall in net profits from continuing operations...

Northwest pilots warn of strike

By Roderick Oram in New York
PILOTS AT Northwest Airlines say they might strike if NWA, the carrier's parent, accepts a takeover offer unacceptable to them, particularly one financed by "excessive debt."

Exxon Chemical plans to splash out \$1bn on plant

Peter Marsh on an ambitious investment strategy
The chemicals division of Exxon, the US oil company, plans to spend \$1bn worldwide this year on plant investment, nearly double the figure for 1988.



John Akitt: looking for expansion in Japan and the Far East. The investment plans are entirely justified. There was very little plant building or expansion during the early to mid-1980s when the industry was in depression...

INTERNATIONAL CONFERENCES & EXHIBITIONS
The Financial Times proposes to publish this survey on: 17 JULY 1989
For a full editorial synopsis and advertisement details, please contact: JEREMY BAULK on 01-873 4026

Wells Fargo & Company
U.S. \$150,000,000 Floating Rate Subordinated Notes due 1994
In accordance with the provisions of the Notes, notice is hereby given that for the interest period 13th June, 1989 to 13th September, 1989 the Notes will carry an Interest Rate of 9 3/4% per annum.

Tenneco to sell car parts retail side in reshaping

By Our Financial Staff
TENNECO, the diversified US industrial group, is to sell the retail division of its auto parts unit, Tenneco Automotive, as part of a restructuring aimed to generate about \$50m in free cash.

FINANCIAL TIMES CONFERENCES

TELECOMMUNICATIONS AND THE EUROPEAN BUSINESS MARKET
London, 10 & 11 July 1989
With the mounting demands of corporate users for the rapid interchange of both data and voice traffic, the focus of the telecommunications industry is switching increasingly towards consumers.

WORLD MOTOR CONFERENCE
Frankfurt, 13 & 14 September, 1989
The FT World Motor Conference held biennially in Frankfurt has achieved an impressive position among motor industry events.

U.S. \$50,000,000 Crédit Chimique
Floating Rate Notes due 1996
In accordance with the provisions of the Notes, notice is hereby given that for the interest period from June 13, 1989 to December 13, 1989 the Notes will carry an Interest Rate of 9 1/4% per annum.

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT
U.S. \$50,000,000 Floating Rate Subordinated Notes Due 1992
For the three months 13th June, 1989 to 13th September, 1989 the Notes will carry an interest rate of 9 1/4% per cent. per annum.

Magna strongly ahead

By Robert Gibbins in Montreal
STRENGTH in North America's vehicle output brought a sharp increase in profits for Magna International, Canada's largest car components manufacturer, for the third quarter and nine months ended April 30.

RE-REGULATING EUROPE'S FINANCIAL SECTOR
London, 16 & 17 October, 1989
The Financial Times has in recent years arranged a series of successful conferences on financial regulation in co-operation with Deloitte Haskins & Sells.

Scotty's control for GIB

By David Buchan in Brussels
GIB GROUP, Belgium's largest retailer, has announced it is making an agreed \$125m bid to gain total control of Scotty's, a Florida-based do-it-yourself chain.

RE-REGULATING EUROPE'S FINANCIAL SECTOR
London, 16 & 17 October, 1989
The Financial Times has in recent years arranged a series of successful conferences on financial regulation in co-operation with Deloitte Haskins & Sells.

All enquiries should be addressed to: Financial Times Conference Organisation
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INTERNATIONAL COMPANIES AND FINANCE

# UK plastics groups merge to assail European market

By Clay Harris in London

SCOTT & ROBERTSON and Alida Holdings, two British plastic packaging groups, announced an agreed merger yesterday which will create Europe's largest maker of polythene film.

The combined group's annual output of more than 140,000 tonnes of polythene film will lift it above Farlem, part of the Dutch chemicals company DSM, in the European league table. However, although this figure accounts for a quarter of UK production, it is less than 3 per cent of the European total.

The merger will take the form of a mostly paper bid by Scott, which values Alida's ordinary shares at \$44m (\$67.5m).

Mr Cameron McLetchie and Mr Rex Stone, chairmen of

Scott and Alida respectively, said the enlarged group would launch an aggressive assault on the fragmented continental market.

There is little overlap between the companies' products. Scott is the larger volume producer of film, expanding in recent years with the acquisition of British Visqueen from ICI and Galnay from CH Industrial.

However, its industrial and horticultural products have low margins. In 1988, Scott made pre-tax profits of £2.6m on turnover of £77.4m, while Alida's total was £5.1m on sales of \$66.3m.

Alida specialises in printed carrier bags, food packets and in-store produce packaging for Britain's large food retailers. The combined group will be

the UK's leading recycler of polythene.

For every five Alida shares, Scott is offering four ordinary shares, four convertible preference shares and £1.96 in loan notes. Before Scott's shares slipped 5p to 288p, this valued Alida at 882p, against a market price 90p higher at 365p. A separate offer will be made for preference shares.

On full conversion, the paper to be issued to Alida shareholders would account for 52.4 per cent of the enlarged share capital. This would dilute the 29.9 per cent stake in Scott held by PCL Industries to less than 15 per cent. PCL is a diversified Canadian plastic packaging company.

The offer has the backing of holders of 49 per cent of Alida's shares.



Jean-René Fourtou: end to speculation over his future

## Fourtou wins second term at Poulenc

By George Graham

MR JEAN-RENE Fourtou has been reconfirmed as chairman of Rhone-Poulenc, ending speculation over his future at the head of the French state-controlled chemicals company.

The people who hold the chairs of French state companies are nominated for three-year terms, and many of those named under the right-wing Government of Mr Jacques Chirac, between 1986 and 1988, are coming up for confirmation this summer.

Mr Fourtou, a former management consultant named by the right-wing Government in July 1986 and widely considered to be politically committed to the centre-right UDF party, had been viewed as one of the industrialists who might be replaced.

The socialist Government, however, has repeatedly stated that it would not conduct a witch hunt, and would judge state industry bosses only on their competence.

A number of political appointments have been made since the socialists returned to power in May 1988, notably the replacement of two fervent advocates of privatisation, Mr Jean Dromer at the UAP insurance group and Mr Jean-Maxime Lévesque at Credit Lyonnais, the second largest state bank. Some other bosses named by the right, including Mr Raymond Levy at Renault and Mr Francois Heilbronn at the GAN insurance group, have also been reconfirmed.

# Statoil to sell North Sea field stake to Japanese

By Maurice Samuelsen

STATOIL, the Norwegian state oil company, has agreed to sell 9.5 per cent of the Snorre oil and gas field in the North Sea to Idemitsu Kosan of Japan. The stake is worth up to Nkr1.5bn (\$207m).

The transaction, subject to approval by the Norwegian and Japanese Governments, is part of Statoil's financial restructuring plans, as Norway's biggest company copes with the effects of falling oil prices, high debt levels and cost overruns in a refinery project.

It also reflects Japan's attempt to widen its international oil holdings and would be its biggest so far in the North Sea.

Idemitsu is one of a handful of Japanese concerns which earlier this year requested acreage in the UK sector of the North Sea under the current round of licensing applications.

The Snorre field, off central Norway, is due to come on

stream in 1992 and is being developed at a cost of more than Nkr30bn.

Statoil has agreed to sell Idemitsu a 9.5 per cent stake in North Sea blocks 34/4 and 34/7 which comprise the Snorre field and part of Statfjord East.

Statoil hopes the disposal will help to improve its own equity capital structure and reduce its investment commitment in the next few years.

The price Idemitsu will pay is partly linked to future oil prices and will be between Nkr1.1bn and Nkr1.5bn, Statoil said in Stavanger yesterday.

As well as cutting Statoil's share in Snorre to 10 per cent from 19.6 per cent, the sale would cut the Norwegian Government holding from 51 per cent to 41.4 per cent.

There have been suggestions that with its heavy development costs, the Snorre field might fail to make money for its investors. "Idemitsu consid-

ers the deal as an important basis for a long-term land expanded commitment in Norway," said Statoil. "The Japanese company will evaluate its operations to include development and production in Norway."

Idemitsu already has a share in two Norwegian offshore exploration licences in blocks 16/3 and 33/12b.

Statoil has said it will cut costs by Nkr2bn by 1991 and reduce staff levels by around 15 per cent.

In addition to the Norwegian Government and Statoil, the Snorre field partners include the operator, Saga Petroleum, (11.3 per cent), Esso Exploration and Production Norway (10.3 per cent), and Deminor Norge (10 per cent).

Other partners are Norsk Hydro, Elf Aquitaine Norge, Amerada Hess Norge, Texaco Eastern Norway, and Det Norske Oleselskap.

# Boss of Fiat forecasts 18% boost in sales

By Kevin Done and John Wyles in Turin

MR CESARE Romiti, managing director of Italy's Fiat group, forecast yesterday that the company's sales would rise by 18 per cent this year to L52,000bn (\$35.5bn) and towards L70,000bn by 1992.

He implied that 1989 would record yet another record profit for the group after last year's net income of L3,026bn. "This year is emerging as better than 1988 in all sections of the business," he told a group of British journalists.

He also revealed that Fiat's consolidated turnover would rise by L6,000bn next year as a result of the consolidation into the group of holdings in the Rinascente retail chain and of Fiat's insurance interests in the Toro insurance companies.

Conversion of convertible obligations currently held by group financial holding companies will give Fiat 100 per cent control by the end of 1990 of the Mito investment company, 53.5 per cent of Sais, which owns Rinascente, and 51 per cent of Toro.

# Aker records Nkr55m profit

By Our Financial Staff

AKER, the Norwegian offshore and construction concern, yesterday reported pre-tax profit after financial items of Nkr55m (\$7.6m) for the first four months of 1989, compared with a Nkr38m loss in the same period of 1988.

The result was struck before extraordinary items of Nkr2m this year, compared to Nkr190m a year earlier.

Aker, Norway's biggest pri-

vate company, repeated earlier forecasts that it expected profit of Nkr500m after financial items in 1989, sharply up from last year. Profits in the first four months of the year are normally small because of the traditionally low level of construction activity.

Turnover in the first four months of 1989 was Nkr4.52bn against Nkr4.72bn, with a fall in domestic turnover partly off-

set by increased sales in the international cement business.

Aker added that the Norwegian construction and civil engineering market was likely to stay at a low level this year and parts of the offshore business faced reduced activity.

Last year Aker's profits fell to Nkr47m, from Nkr47m in 1987. The company has been through a major restructuring to cut its debt burden.

# Coloroll chief trebles salary

By Alice Rawsthorn in London

MR JOHN Ashcroft, chairman and chief executive of Coloroll, the home products group, more than trebled his salary from £162,000 to £517,000 last year.

Two other senior directors also received threefold pay increases, according to Coloroll's recently published annual report and accounts for the year to March 31. Mr Eric Kilby, group financial director,

and Mr Philip Green, group managing director, saw their salaries rise from between £110,000 and £115,000 to between £350,000 and £385,000.

Mr Ashcroft would not comment on his own salary rise. But he said he felt "very comfortable" about the pay rises for Mr Kilby and Mr Green.

He said the increases were determined by Coloroll's three

non-executive directors, who had based their decision partly on the group's performance and partly on the salaries of executives in comparable positions at other companies.

Coloroll's earnings per share rose 11 per cent from 20.8p to 23p in the year to March 31. Pre-tax profits and sales doubled to £56.6m and £65.1m during the year.

# Bonn knew of Krupp/Salzgitter talks

By Haig Simonian in Frankfurt

THE WEST GERMAN Government confirmed yesterday that it had been informed some time ago of the talks taking place between Fried. Krupp, the German industrial group, and Salzgitter, the state-owned steel and engineering concern, over potential co-operation.

However, it remains unclear whether the discussions, which in the first instance involve closer links between Krupp-Stahl, Krupp's steel-making subsidiary, and Peine-Salzgitter, Salzgitter's steel division, could go as far as a full merger between the two parent compe-

nies, as has been variously indicated.

According to Krupp, the talks have concentrated on co-operation in speciality coated steels, with the possibility that the two companies might set up a new joint mill.

The prospect of Krupp taking over Salzgitter, creating Germany's 11th biggest company and its second biggest steelmaker, has triggered mixed reactions among other leading steel and engineering groups.

Hoesch said it had no interest in bidding for Salzgitter. However, the company admit-

ted that it had sounded the Government out about the possible timing of a Salzgitter sale.

Meanwhile, Thyssen, Germany's biggest steel producer, which launched an abortive initiative to acquire Krupp last year, said it had "taken notice" of the talks but gave no indication whether it might be interested in Salzgitter.

The Bonn Government has long indicated its willingness to privatise Salzgitter, but has been impeded by the once-loss making company's gradual recovery during its restructuring.

# Olivetti and Sanyo in joint fax venture

By Alan Friedman in Milan

OLIVETTI, the Italian office group, unveiled plans yesterday to build a facsimile manufacturing plant in southern Italy with Sanyo Electric and Mitsui of Japan as partners.

Production will begin next year and the aim is to produce 200,000 fax machines each year starting in 1991.

For Sanyo Electric the factory at Pozzoli near Naples will be its first fax plant in Europe. The initial investment in the plant will be more than Lire 20bn (\$13.7m) and the ven-

ture will be 51 per cent controlled by Olivetti, 39 per cent by Sanyo and 10 per cent by Mitsui. This is a large Japanese trading house which could act as a channel to supply components.

All three companies plan to distribute the fax machines under their own trademarks, with around 60 per cent of annual production destined for sale outside Italy.

Until now Olivetti has bought in fax machines from Canon, Ricoh and Sharp and

sold them under its own name. Last year Olivetti was the third leading distributor of faxes in Italy, with a 20 per cent share of the domestic market of 200,000 units.

Olivetti will instal the new production lines for faxes in an existing facility it has at Pozzoli. Sanyo will contribute the technological know-how.

The Italian company said yesterday that it expects the Italian fax market to grow by 40 per cent a year between now and 1992.

# Swedish group creates unit


L M ERICSSON, the Swedish telecommunications equipment company, said yesterday it is combining its cables and network engineering operations in a new business unit effective July 1. Renter reports from Stockholm.

The new unit will employ around 10,000 people and have an annual turnover slightly above SKr6bn (\$890m), making it the company's second largest business area after public telecommunications.

The partners of Freshfields announce the recent opening of an office in

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## Profit Increase of 21% To HK\$3,630 Million

		1989	1988
Turnover	HK\$M	11,837.1	9,915.4
Attributable profit	HK\$M	3,630.5	2,991.8
Earnings per share	HK cents	32.7	27.1

- Attributable profit and earnings per share increased by 21 percent over last year.
- The increase in turnover by 19 percent is primarily a result of the volume growth in international telephone services. Other areas having significant growth were mobile radio telephone, fax, and leased circuits.
- The final dividend of 11.5 cents per share gives a total distribution for the year of 22.5 cents and is equivalent to 69 percent of attributable profit.
- The Group remains committed to a substantial investment programme which will continue to provide Hong Kong with one of the best telecommunications systems in the world. Capital expenditure during the year was a record HK\$2.4 billion and the Group plans to invest a similar amount in the current year.
- Borrowings have been reduced during the year from HK\$412.0 million to HK\$34.1 million.



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Key Data	1987	1988	% Change
In Str. m			
Net Revenues	69.1	67.3	- 3
Cash Flow	22.7	21.4	- 6
Net Income	16.0	15.4	- 4
Dividends	6.0	6.0	-
Total Assets	478.0	350.0	-27
Stockholders equity	78.5	87.7	+12
Staff	249	254	+ 2

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Lancs	96	Surrey	56
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Pursuant to condition 2 ("Exercise of the warrants") of the Terms and Conditions of the Warrants, notice is hereby given to the Warrant Holders that the Warrant Exercise Date in respect of the first series of the Warrants (the "1989 Warrants") has been adjusted to 17th July 1989 in order to coincide with the latest Payment Date of the \$US 200,000,000 Guaranteed Floating Rate Notes due 1996 issued by the Credit d'Equipement des Petites et Moyennes Entreprises.

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**INTERNATIONAL COMPANIES AND FINANCE**

**An ageing fortune loser survives**  
Lynton McLain on the history behind the sale of Short Brothers

Not many companies would choose to tell shareholders bad news in advance of its proposed sale, but that is what Short Brothers did before last week's announcement by Mr Tom King, the Northern Ireland Secretary, that the UK government-owned company would be sold to Bombardier of Canada.

The bad news included Short's being "bottom of the world aerospace league of capital investment per employee" and having an "inappropriate capital structure."

In total, it was remarkable that Short's, the world's oldest civil aircraft manufacturing company and the largest company in Northern Ireland, "still survived on the world stage," the company said.

The comments came from Mr Rodney Lund, the chairman, in his foreword to the latest annual report. The grim figures in the accounts were the basis for the Government's decision to sell Short's.

For the Government, the owner of Short's for the past 46 years, the state of the company was so serious that it decided the company could not be set free in the private sector without correcting the difficulties caused by years of financial neglect. The cost to the taxpayer will be £780m (£1.21bn). That is the amount the Government will plough into Short's in write-offs and cash injections as a sweetener. In return for Bombardier paying just £20m for the share capital, Short's had a history of losses and crippling debt. Financially, it had never glowed with success in a world aerospace market dominated by large US companies such as Boeing and McDonnell Douglas. However, it has sold dozens of its small Shorts 330 and 380 commuter aircraft to US airlines and claims to have sold guided weapons to more countries than any other UK manufacturer.

The company lost £142.5m on turnover of just £181.8m in the year to the end of March 1988, when its balance sheet showed a deficit on shareholders' funds of £175.6m. It had long-term debt of £76.6m and short-term debt of £198.1m. Its current liabilities were nearly £50m greater than its total assets.

However, the Department of Economic Development for Northern Ireland, in a note to the Commons Trade and Industry Committee, confused the picture of Short's assets.

It said: "The full value of assets used by Short's in its business is not shown in its accounts because its premises are leasehold and it leases a substantial part of its plant and machinery."

Mr King made clear on Wednesday that the sale of assets to Bombardier included the Belfast Harbour airport and its associated land. This has led to speculation that the privatisation might lead to a repeat of accusations made by MPs and others about the sale of Royal Ordnance and its land to British Aerospace at well below their actual asset values.

Short's threw another confusing factor into the melting-pot before its impending privatisation with the further statement by Mr Lund in the annual report: "Short's is a company so well thought of by its customers that it has an order book close to £1bn."

In spite of the large order book, Short's has lost between £2.4m and £142.5m each year for the past five years, apart from a modest profit of £232,000 made in 1985.

He views of its own chairman that the company was well thought of by customers, but at the bottom of the world investment league, might have some reconciling. However, Mr Lund also said that he found it difficult to come to terms with the fact that "a business owned by the British taxpayer should have been starved of government aircraft and aerostuctures contracts for a quarter of a century."

He claimed that government policy had led to a concentration of military aircraft and aerostuctures work in other companies, presumably British Aerospace and its predecessor companies.

Short Brothers, it appeared, was capable of winning orders, but of dubious profitability, while it had problems with its underlying financial structure. These consisted mainly of the preponderance of debt and the high interest burden thus created. Interest payments have risen from \$7.7m in 1984 through \$10.1m in 1986, \$15.4m in 1987 and \$19.8m in 1988 to \$25.3m last year.

The Government had refused to put Short's on a sound financial footing and allow it to survive independently through a sale to the management, or later on, through a flotation after it had consolidated its position.

Mr King believed that the management of Short Brothers needed strengthening from outside. He was advised by Kleinwort Benson, the Government's merchant bank adviser on the privatisation, to sell Short's for however little to a larger established aerospace company, once the Short's balance sheet had been transformed from being debt-ridden and under-capitalised to being almost debt-free and freshly capitalised with £275m.

That sum was designed to recapitalise the company, eliminate remaining borrowings and meet expected future losses on existing contracts and programmes.

Of that sum, at least £60m will be an interest-free loan, to be cancelled progressively as Bombardier achieves its targets.

**SHORTS' LAST FIVE YEARS (£'000)**

Year ending March 31	1984	1985	1986	1987	1988	1989
Turnover	183,829	200,826	189,887	226,276	181,871	181,871
Trading profit/(loss)	11,854	12,798	(13,579)	9,291	(12,062)	(25,462)
Interest	(7,322)	(10,151)	(15,543)	(19,879)	(25,462)	(25,462)
Balance transferred to accumulated deficit	(2,571)	589	(27,225)	(18,046)	(182,664)	(182,664)

Source: Short Brothers reports and accounts.

**Panalpina plans growth throughout world**

By John Wicks in Zurich

PANALPINA, the Swiss-owned forwarding agent, intends to expand its international activities by internal growth and acquisitions.

The company is one of the world's top four international forwarders, with activities in 40 countries. It would like to grow all over the world, excluding countries with hyper-inflation or insecure political conditions, said Mr Walter Schneider, company chairman.

Last year Panalpina bid for the international air cargo specialist, Jacky Maeder, of Zurich, according to chief executive officer Mr Gerhard Fischer. This company has since been taken over by Swissair.

Mr Schneider denied rumours that Panalpina itself was a candidate for acquisition. Nor did the company plan to go public, he added. Panalpina is controlled by the private Swiss foundation, Gohner-Stiftung.

The company has opened a new air cargo centre at Heathrow airport in the UK, a subsidiary in Ghana and offices in Rotterdam and Charlotte, US. Group turnover rose 16.5 per cent last year, from SF2,538m to SF3,035m (\$1,911m). Gross operating earnings increased by 13 per cent to SF434m.

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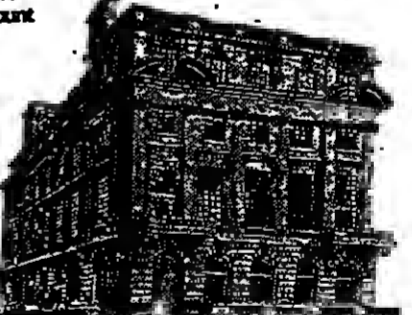
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**INTERNATIONAL COMPANIES AND FINANCE**

**Closed loops that open new doors**

Chris Sherwell on the strategy Lend Lease is applying to fresh areas

Looking around any Australian city, there is little direct evidence of Lend Lease Corporation. Look a little closer, and it is impossible to escape it.

On concrete cores of buildings under construction, the sign Civil & Civic denotes a Lend Lease subsidiary. The Lend Lease interiors banner is on others being refurbished. Two landmark Australian skyscrapers are owned by General Property Trust, the country's largest listed property trust house, which is also part of Lend Lease.

In financial services, Lend Lease owns the prominent MLC insurance group MLC Life, which ranks third behind the dominant AMP and National Mutual Life offices, and MLC Insurance. The group also offers a wide range of investment products, and has a lucrative asset management business.

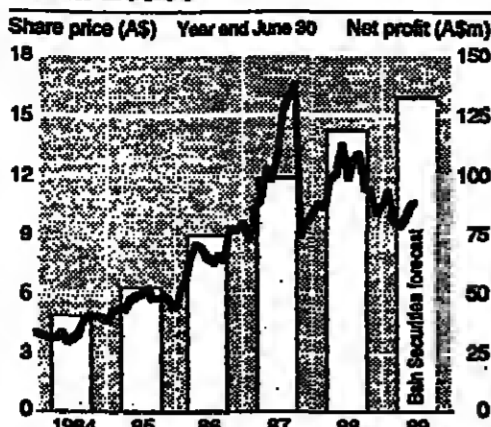
Of Australia's top 30 companies - a list dominated by banks, mining houses and big industrial groups - Lend Lease is the only one with its main business in property. Unlike many prominent Australian companies, it attracts little publicity and even less adverse comment from analysts.

Last year, for the first time, it reported an after-tax operating profit above A\$100m (US\$74.6m). At the same time Mr Dick Dusseldorp, its Dutch founder and inspiration, retired as chairman. He came to Australia in 1950, formed Civil & Civic in 1951 and Lend Lease in 1953. Since then the company's growth has been rapid: an investment of A\$100 in Lend Lease in 1958 was worth A\$100,000 30 years later.

The company was also noted for its enterprise. General Property Trust, launched in 1971, was Australia's first listed property trust, and now has A\$1.4bn in assets. In 1977 Lend Lease ventured abroad and set up International Income Properties in the US, now a big listed trust with US\$400m of retail properties. Then over 1983-85, it moved into financial services by acquiring full control of MLC.

Equally notable was Lend Lease's visionary philosophy. Through novel staff ownership

**Lend Lease**



STUART HORNERY

schemes, well-tended links with investors and numerous corporate sponsorships, Mr Dusseldorp cultivated good relations with employees, shareholders and local communities. Currently, Lend Lease staff represent the group's largest shareholding block, with around 26 per cent.

The most interesting feature of the group is what Mr Dusseldorp has called the "closed loop," a form of vertical integration in the services sector.

No less than 30 per cent of Lend Lease's property projects, by value, are now initiated by the group: not only planned, designed, built and fitted, but also financed, managed and refurbished for their economic life. In addition Lend Lease has a substantial lifts business with Kone of Finland, and is involved increasingly in communications technology.

The idea is to generate profits through the creation, development and management of property assets, rather than through their ownership, acquisition and realisation. The group minimises its risk in volatile markets by doing a large amount of work for third parties, such as the AMP, and through its General Property Trust, to which construction projects can be transferred.

Lend Lease is building the 50-storey Bourke Place in Melbourne for the AMP, and it was responsible for building Melbourne's highly praised National Tennis Centre. The General Property Trust carries in its portfolio the Australia

Square building and part of the MLC Centre, both in Sydney, and the Riverside Centre in Brisbane.

With the acquisition of the MLC group, Lend Lease is now trying to create a second "closed loop," this time in financial services - providing all the savings, mortgage, investment, superannuation, and life and general insurance products that individuals might need, from cradle to grave.

The focus, again, is the management of third party assets. Lend Lease is selling the idea of wealth accumulation using the well-known MLC brand name - not just through insurance products but through a range of unlisted and listed trusts. The fees earned from managing these assets provide a significant, stable cash flow, and add protection against property market swings.

The man who has steered Lend Lease down this unusual path is 50-year-old Dick Dusseldorp, who started with Civil & Civic in 1954 after graduating as an engineer. He quickly showed an inclination to manage, and rose to become managing director in 1978.

"I began casting around for something else for Lend Lease to do," he says, "because it was clear we had as much of the market as we could expect." International expansion was an option favoured by Mr Dusseldorp, but that was rejected. They also looked at resector,

but eventually abandoned that idea. Then the MLC opportunity came along.

MLC was a sleepy life insurance office which had once led its field. When MLC was threatened with takeover, Lend Lease, which was closely associated with it, became its white knight and took 20 per cent. It commissioned a report on the group and discovered that, in Mr Hornery's words, it was a "golden egg."

Lend Lease lifted its stake to 51 per cent, swept out the MLC's board and management, and in three years halved the number of employees and agents. MLC Life has since doubled its assets to A\$5bn and become Lend Lease's second cornerstone after Civil & Civic. And Mr Hornery succeeded Mr Dusseldorp as chairman.

The fees earned from Australian Ratings, the local credit rating agency, Lend Lease's earnings profile is now strong across all divisions, and particularly in property. At the end of the last financial year in June 1988, it had A\$30m of cash, borrowings of only A\$17m, no major off-balance sheet debt and an equity base of A\$644m.

Mr Hornery wants earnings to grow at 15 per cent each year, and in 10 years' time forecasts a 50-50 split between Lend Lease's property and financial services activities. But he says the current split between international and domestic business, by which 90 per cent of the group's assets are Australian-based, is unlikely to change.

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International Services

**Japanese seek chemicals joint venture**

By Peter Marsh

SUMITOMO CHEMICAL, a big Japanese company, is seeking joint-venture partners in western Europe to help market its crop-protection compounds.

Mr Masayasu Takeuchi, senior managing director of Sumitomo, said in London that the move was part of a plan to expand the company's overseas activities, especially in specialty areas such as crop protection and drugs.

Sumitomo had sales last year of ¥897bn (38.1bn), making it Japan's second largest

chemicals group after Mitsubishi Kasei. Like most Japanese chemicals concerns, it has few overseas sales - last year, these accounted for 15 per cent of turnover.

Mr Takeuchi said that the company hoped to boost sales outside Japan of such crop-protection compounds as insecticides and fungicides. Sumitomo has annual agricultural sales of about \$500m, making it among the top 20 suppliers worldwide of crop protection materials and the second big-

gest Japanese company. About 50 per cent of Sumitomo's sales in this sector are outside Japan. In the US the company agreed a partnership last year with Chevron, a US chemicals group, covering joint marketing of Sumitomo's agricultural products.

Sumitomo is a medium-sized manufacturer of pharmaceuticals in Japan, and Mr Takeuchi said he was considering arranging other joint ventures in Europe for these products, but has no firm proposals.

**Tanker business boosts capital**

ABU DHABI National Tanker Company (Adnaco), a unit of the state-owned Abu Dhabi National Oil Company, is boosting paid-up capital to Dh400m (110.5m) from Dh40m, apparently to prepare for expansion, AP-DJ reports.

The increase was made by royal decree and is aimed at "enhancing its position in the international tanker market," said an Adnaco official.

The company owns five petroleum product tankers and three carriers, totalling 404,758 dwt.

This advertisement is issued in accordance with the regulations of The Stock Exchange. It is expected that admission to the Official List of the 7 7/8p (net) Cumulative Convertible Preference shares of 25p each to be issued pursuant to the Rights Issue will become effective and that dealings, all paid, will commence today, 13 June, 1989.

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Listing Particulars relating to the Company and to the Convertible Preference shares will be available in the statistical services maintained by Extel Financial Limited from today, 13 June, 1989. Copies of the Listing Particulars may be obtained during normal business hours up to and including 15 June, 1989, by collection only from Company Announcements Office, The Stock Exchange, 40-50 Fenchurch Square, London EC3, on weekdays (excluding Saturdays) up to and including 5 July, 1989. The latest date for acceptance and payment in full under the Rights Issue, from:

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The interest amount payable on 13th December, 1989 will be US\$ 462.27 in respect of US\$ 10,000 nominal amount of the Notes, and US\$ 11,556.64 in respect of US\$ 250,000 nominal amount of the Notes.

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By: The Chase Manhattan Bank, L.L.C.  
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May 1989

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, June 12, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns: COUNTRY, £ STG, US \$, D-MARK, YEN (x 100), COUNTRY, £ STG, US \$, D-MARK, YEN (x 100). Lists various countries and their exchange rates.

Special Drawing Rights June 1 1989 United Kingdom £1.26116 United States \$1.23854 Germany West 1.45633 Japan Yen 117.779 European Currency Unit June 12 1989 United Kingdom £1.49624 United States \$1.62223 Germany West 1.45633 Japan Yen 128.652

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INTERNATIONAL FINANCIAL MARKETS

Convertible securities win tax treatment concession

THE UK GOVERNMENT made a concession in the tax treatment of convertible securities when the Finance Bill committee met on Thursday last week. Under the original drafting, several types of Euro-convertible securities were threatened with extra taxation as so-called deep-gain securities.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns: COUNTRY, Issue, Maturity, Yield, Change on week, etc. Includes sections for US STRAIGHTS, US STRAIGHTS, and CONVERTIBLES.

Table listing various financial instruments and indices with columns: Instrument, Issue, Maturity, Yield, Change on week, etc. Includes sections for EUROPEAN STRAIGHTS, EUROPEAN STRAIGHTS, and CONVERTIBLES.

BELGIUM The Financial Times proposes to publish a Survey on the above on 19 JUNE 1989 For a full editorial synopsis and advertisement details, please contact: RUTH PINCOMBE on BRUSSELS (02)513 2816

INTERNATIONAL CAPITAL MARKETS

Profit-taking takes steam out of Treasuries

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds pulled back from thumping overnight gains of a full point in the Far East to stand as much as 1/2 point higher at mid-session yesterday as profit-taking set into last week's strong rally.

GOVERNMENT BONDS

bond rallied last week by more than three full points and that the dollar came off its overnight night highs in the Far East. The dollar and the bond market are inextricably linked at the moment.

ments by Group of Seven central banks at the meeting of the Bank for International Settlements served to keep the dollar well supported. Taken together, the comments emphasised that intervention against the dollar was useless in such a bullish market and that the G7 had no specific target ranges.

BENCHMARK GOVERNMENT BONDS table with columns: Country, Coupon, Maturity, Price, Change, Yield, Week ago, Month ago. Includes UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

significant weakening in sterling, depressed sentiment. The apparent continuing policy rift between UK Nigel Lawson, the Chancellor, and the Prime Minister further destabilised the market.

which were the only beneficiaries of the gathering inflation gloom. On Life, the September futures contract lost 1/2 cent at 92.19.

THE REST OF Europe, by contrast, was pulled along by Wall Street with the strength of the dollar exercising surprisingly little effect.

Japanese to acquire stake in CS First Boston

By Janet Bush

FIRST BOSTON, the Wall Street investment bank, yesterday confirmed negotiations for a number of Japanese insurance companies to take a 20.5 per cent stake in CS First Boston, the investment bank formed last December through the merger of First Boston and Financier Credit Suisse First Boston.

Shearson LDC team departs for Dillon

By Norma Cohen

THE CORE of Shearson Lehman Hutton's Third World debt trading team has left to set up a similar unit at Dillon Read, the US-based investment bankers, leaving only one or two professionals in that department.

intended to track the composite values of Third World loans in the secondary market. While the secondary market prices of debt do not necessarily reflect the value at which they are held in banks' portfolios, they do affect market perceptions of bank assets.

Strong dollar tempts a string of sizeable new deals

By Andrew Freeman

THE DOLLAR remained the currency of choice for Euro-market investors yesterday, with sizeable deals emerging to meet demand.

cent. The proceeds were swapped. Credit Lyonnais launched a \$200m seven-year deal via its Eurobond market.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Fees, Book runner. Lists various international bond issues from US Dollars, French Francs, Austrian Schillings, etc.

The 10-year maturity was tapped by Scandinavian Airlines System with a \$200m issue via Morgan Stanley. The bonds carried a 9 per cent coupon and were launched at 101 1/2 to yield 8 1/2 basis points over Treasuries.

Trading in Nikkei index option off to busy start

By Katharine Campbell

OPTIONS trading on the Nikkei 225 index on the Osaka stock exchange was off to a busy start yesterday with roughly 150,000 contracts changing hands. But dealers were waiting a week or so for the flurry to die down before gauging genuine levels of interest in the new contract.

Austria to raise Sch3bn floater

By Katharine Campbell

AUSTRIA plans to issue Sch3bn (\$212.7m) of floating-rate Treasury notes, lead manager Genossenschaftliche Zentralbank said yesterday, Reuters reports.

cent over the Vienna interbank offered rate. The issue had a minimum coupon of 3.5 per cent and final maturity date was July 2001. The notes have a call option for the Republic of Austria in July 1992 at par and thereafter on every interest payment date.

INTERNATIONAL BONDS

The spread against comparable World Bank paper was about seven basis points. The issue was the first by the IFC to carry a formal credit rating - the World Bank affiliate was rated AAA/AAA by Standard & Poor's and Moody's - and was designed to achieve a benchmark for the borrower.

However, a fall of about 1/2 point on the Treasury market was also blamed for the fall as the lead manager saw the issue spread narrow to 72 basis points.

MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices for various equity groups and sub-sections as of Monday June 12 1989. Includes indices for Capital Goods, Building Materials, Electronics, etc.

FIXED INTEREST

Table showing Average Gross Redemption Yields for various fixed interest instruments including British Government, US Treasury, and Corporate bonds.

RISES AND FALLS YESTERDAY

Table showing Rises and Falls Yesterday for various market categories including British Funds, Financial and Property, etc.

LONDON RECENT ISSUES

Table showing London Recent Issues for various equities including British Steel, British Airways, etc.

FIXED INTEREST STOCKS

Table showing Fixed Interest Stocks for various government and corporate bonds.

RIGHTS OFFERS

Table showing Rights Offers for various companies including British Airways, British Steel, etc.

LONDON TRADED OPTIONS

Large table showing London Traded Options for various stocks including British Steel, British Airways, etc., with columns for Call/Put, Strike, Volume, etc.

Source: Dow Jones, 10 am 21.37, 11 am 21.41, 12 noon 21.52, 1 pm 21.56, 2 pm 21.56, 3 pm 21.57, 4 pm 21.57, 5 pm 21.57, 6 pm 21.57, 7 pm 21.57, 8 pm 21.57, 9 pm 21.57, 10 pm 21.57, 11 pm 21.57, 12 am 21.57.

Source: Reuters, 10 am 21.37, 11 am 21.41, 12 noon 21.52, 1 pm 21.56, 2 pm 21.56, 3 pm 21.57, 4 pm 21.57, 5 pm 21.57, 6 pm 21.57, 7 pm 21.57, 8 pm 21.57, 9 pm 21.57, 10 pm 21.57, 11 pm 21.57, 12 am 21.57.





**Carnaud S.A.**

Carnaud merged with  
Metalbox Packaging  
to form CMB Packaging S.A.

The undersigned acted as joint advisers  
to Carnaud

Lazard Frères et Cie

Lazard Brothers &  
Co., Limited

**Thorn-EMI PLC**

Thorn-EMI acquired  
Holophane S.A.

The undersigned acted as joint advisers  
to Thorn-EMI

Lazard Frères et Cie

Lazard Brothers &  
Co., Limited

**BSN S.A.**

BSN acquired  
HP Foods and Lea & Perrins  
from Hanson plc

The undersigned acted as joint advisers  
to BSN

Lazard Brothers &  
Co., Limited

Lazard Frères et Cie

**Les Echos**

Pearson plc acquired  
Les Echos

The undersigned acted as adviser  
to the shareholders of  
Les Echos

Lazard Frères et Cie

**Société Centrale de l'Union des Assurances  
de Paris**

UAP International acquired  
an 18% interest in Sun Life

The undersigned acted as adviser  
to UAP International

Lazard Frères et Cie

**Pearson plc**

Lazard Brothers advised Pearson in  
the sale of its majority holding in  
Société Civile du Vignoble de Château  
Latour to Allied Lyons PLC

The undersigned acted as adviser  
to Pearson plc

Lazard Brothers & Co., Limited

# THE LAZARD HOUSES

**Lazard Frères et Cie**  
121 Boulevard Haussmann  
75382 Paris Cedex 08  
Tel: 4563-0111  
Telex: 280666

**Lazard Brothers & Co., Limited**  
21 Moorfields  
London EC2P 2HT  
Tel: 588 2721  
Telex: 886438

**Lazard Frères & Co.**  
One Rockefeller Plaza  
New York NY 10020  
Tel: 489-6600  
Telex: RCA 223301

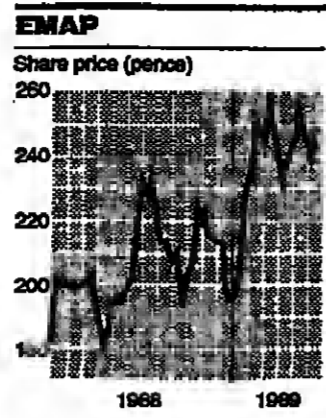
UK COMPANY NEWS

Record number of launches in year when forecasts are again beaten Organic growth lifts Emap 34%

By Vanessa Houlder

EMAP, the publishing, printing and exhibitions group, yesterday announced a 34 per cent rise in pre-tax profits from £25.04m to £33.55m for the year ended April 1. Turnover increased by 24 per cent to £232.68m (£187.88m).

growth, except for a £500,000 contribution from Associated Kent Newspapers. A record number of publications and exhibitions were launched at a cost of £5.6m, compared with £3.2m the previous year. A similar sum is expected to be spent this year.



EMAP Share price (pence) 1988 1989

Earnings per share increased by 30 per cent from 12.2p to 16.2p. A final dividend of 4.22p was proposed, making a total of 5.65p (4.2p).

forecasts. But this recurrent ability to produce strong earnings growth is almost taken for granted and the market's reaction to the results was to push the shares down 2p to 242p. Attention now is firmly focused on the advertising market and how well Emap can withstand the inevitable slowdown.

Claythite lifts profit by 44% and tops £4m

Claythite, the property finance and development group, has reported a 44 per cent profit increase from £2.85m to £4.12m on turnover £2.4m up to £26.1m for the year to March 31 last.

Thos French profit over £1m

THOMAS FRENCH and Son, the acquisitive maker of curtain styling and home improvement products, reported pre-tax profits of £1.06m for the six months to April 1, an increase of 6 per cent on £977,000 last time.

The purchases of Inside Art and Design, St Aldans Pottery and most of the fixed and current assets of Peacocks will cost a total of £28.0m cash and will increase its coverage of home accessories. Terms have been agreed for the fourth purchase which makes wood products.

1988 profits included £186,000 from Tekidata which was sold in May 1988, and an exceptional profit of £128,000. Adjusting for these the underlying profit rise was 54 per cent.

Hoskins expands with £900,000 buy

Hoskins Brewery, the Leicester-based brewing and leisure company which is quoted on the third market, is to acquire Tatlocks, a licensed tea and coffee house and a catering business, for a maximum consideration of £900,000.

Marina profits treble to £4.6m

MARINA DEVELOPMENT Group, owner and manager of marina boat yards, reported both operating and pre-tax profits increased more than threefold in the year to March 31.

the freehold of an area operated as a boat repair facility, previously subject to a 35-year lease. Turnover fell to £8.48m (£9.28m) and earnings per 50p share jumped to 19.7p (9.1p).

A Cohen rises 29% to £4.25m A Cohen, maker of non-ferrous metal ingots, increased pre-tax profits 29 per cent, from £3.2m to £4.25m, in 1988, and so far in the current year results had been encouraging, the directors reported.

Pennant £7m French disposal

PENNANT PROPERTIES, the Australian-controlled international property developer and investor, is selling its 50.5 per cent stake in French property group Société d'Investissement et de Promotion Immobilière de France (SIPIM) for FF77m (£7.32m).

the disposal will take place on or about June 28, pending Pennant shareholders' approval. "We're very much more confident of being able to use these funds in an area where we do have some expertise," he said. Part of the proceeds of the sale will also be used to reduce Pennant's gearing.

ment control. "We're very much more confident of being able to use these funds in an area where we do have some expertise," he said. Part of the proceeds of the sale will also be used to reduce Pennant's gearing.

New London losses

New London incurred a loss of £736,000 in year ended March 31 1989, compared with £771,000 which was restated. The US group was operating with a loss of £1.1m, but had improved significantly over the past 12 months.

HT Hughes beats forecast with £1.8m

By Vanessa Houlder

HT HUGHES, the USM-quoted waste management company, yesterday announced a 31 per cent rise in pre-tax profits from £1.2m to £1.83m for the year to February 28. Turnover rose by 46 per cent from £11.8m to £17.21m.

Restructured Alexon shows 58% improvement to £15.03m

By Alice Rawsthorn

ALEXON, the clothing company which took over Ellis & Goldstein last year, yesterday announced a 58 per cent increase in pre-tax profits to £15.03m in the last financial year on turnover that rose by 81 per cent to £126.64m.

Wiegand, chairman, only looked as though it had paid too high a price and taken on too tough a challenge. With hindsight the deal seems much more sensible and the timing was opportune given that sales of the Alexon brand are slowing down and Claremont, the almost every other M and S supplier, seems set to suffer pressure on profitability.

advances of Berkertex. It looked as though it had paid too high a price and taken on too tough a challenge. With hindsight the deal seems much more sensible and the timing was opportune given that sales of the Alexon brand are slowing down and Claremont, the almost every other M and S supplier, seems set to suffer pressure on profitability.

MIM BRITANNIA UNIT TRUST MANAGERS LIMITED

Scheme of Arrangement MIM Britannia Drayton Japan Unit Trust with MIM Britannia Performance Trust

CREGEM FINANCE N.V.

(Incorporated with limited liability in the Netherlands) £15,000,000 Floating Rate Notes due 1992 (the "Notes")

KLP shrugs off postal strike with 57% rise

KLP GROUP, the sales promotion company, overcame the continued impact of last September's postal strike to report pre-tax profits of £2.4m for the six months to the end of March, a rise of 57 per cent.

SHARE STAKES Hickson International: Allied Commercial Exporters has acquired further 125,000 ordinary shares taking total to 12,815m (12.046 per cent).

Parkway to spend \$9.6m cash on expansion in US

PARKWAY GROUP, pre-press production services company, is to add to its expanding US operations by buying assets from Sterling-Regal, a New York-based reprographics business serving the advertising industry, for \$9.6m (£6.82m) cash.

Grand Central at £2m after 80% improvement

GRAND CENTRAL Investment Holdings, the international food manufacturer and distributor, announced pre-tax profits up just over 80 per cent to £2.61m in the year to December 1988.

KIO has 10.6% of Midland Bank

The Kuwait Investment Office has confirmed the purchase of an additional 5 per cent stake in the Midland Bank. The 39.25m shares were sold by Hanson at 160p on Thursday.

Wholesale Fittings: Scottish Amicable Investment Managers

Wholesale Fittings: Scottish Amicable Investment Managers now has 1,068m ordinary shares (7.88 per cent) under their management.



COMMODITIES AND AGRICULTURE

Brent oil slides to 4-month low

By Maurice Samuelson

OIL PRICES yesterday fell to 4-month lows as traders pondered uncertainty about production quotas among the Organisation of Petroleum Exporting Countries.

quarter, compared with an International Energy Agency estimate of 19.6m b/d.

Tin litigation enters final phase in House of Lords

By Raymond Hughes, Law Courts Correspondent

THE LAW Lords yesterday began hearing the final appeal by creditors of the International Tin Council in one of the major pieces of litigation that followed the council's collapse into insolvency in 1982.

TIN BUYERS taking delivery of the metal in Singapore from any approved warehouses of the Kuala Lumpur Commodities Exchange will have to pay a premium of US\$20 a tonne starting from August 1, writes Wong Sulung in Kuala Lumpur.

tin to Singapore for transshipment overseas to participate in the Rice tin futures market.

starting today, to review the market situation, including the reintroduction of tin futures trading on the London Metal Exchange on June 1.

recognise that in international law the attribution of legal personality to an international organisation did not necessarily free its members from liability for its obligations.

court because of the commercial nature of the transactions that gave rise to the creditors' claims, said Mr Justice Evans.

Hope fades in talks on international coffee pact

By David Blackwell

TALKS ON the future of the International Coffee Agreement appeared to be heading for failure last night as the third 24-hour extension drew to a close.

ment only if ICO export quotas were immediately redistributed to bring more arabica coffee onto the market. It is supporting a proposal along these lines by the "other milks" producers - mainly central America top quality arabica growers.

Table with 2 columns: Commodity Name, Price/Change. Includes items like Aluminium, Copper, Lead, Zinc, Tin, Silver, and Wheat.

Too much sun takes the shine off UK crop hopes

The recent storms were welcome, but many arable areas are still seriously short of moisture

MY GRANDFATHER dismissed very light land as virtually worthless. "Have nothing to do with it, my boy," he would say. "It scorches in the moonlight."



By David Richardson

On our farm, for instance, we had a violent thunderstorm with lightning striking a farmhouse. It destroyed an Elizabethan chimney, burned out electrical wiring, fuse boxes, telephone lines, two computers and a few other things besides.

On heavier soils where wheat dominates cereal cropping the type of so-called flag leaves have died and gone yellow because of lack of rain.

It is not so much what the insects eat, although that can cause concern in an extended dry period, as the disease which some of them carry.

And a high proportion of sugar beet growers applied a granular insecticide to their fields during planting. This helped protect those crops from infestation.

may have had 25 to 30 mm others, to my certain knowledge, had only 5 to 10 mm.

On our farm, for instance, we had a violent thunderstorm with lightning striking a farmhouse. It destroyed an Elizabethan chimney, burned out electrical wiring, fuse boxes, telephone lines, two computers and a few other things besides.

Critical levels of moisture deficit vary according to soil type and crop. But in general terms the yield potential of a cereal crop on light land will begin to suffer at about 50 mm below optimum and on heavier land at about 100 mm below.

Meanwhile, the UK's 500,000 acres of sugar beet, most of which are in the east of England, would benefit from rain but as the crop will not reach peak moisture demand until July, the drought is not the immediate problem.

in addition, the aphid problem was predicted as early as last February as frosts failed to materialise during the winter

All we can hope for then is that there will be an explosion in the number of aphid predators which will eat them. It is called biological control. It is cheaper than chemical control and it is Green. I for one am hoping for a plague of ladybirds.

WORLD COMMODITIES PRICES

LONDON MARKETS

THE CONTINUED strength of the dollar was the outstanding factor in the metals markets yesterday. On the London bullion market gold sagged another \$0.50 to \$300 a troy ounce.

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Gold, Silver, Platinum, and various metals.

LONDON METAL EXCHANGE

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Aluminium, Copper, Lead, Zinc, Tin, and Nickel.

POTASSIUM

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Potassium Chloride and Sulphate.

SOYABEAN MEAL

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Soyabean Meal and Flour.

US MARKETS

GOLD, SILVER and platinum prices recovered slightly as scattered short covering rebounded the markets, reports Dresel Burnham Lambert.

Chicago

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Soyabean Meal, Wheat, and Corn.

SPOT MARKETS

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Crude oil, Gas, and various agricultural products.

CRUDE OIL

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Brent, WTI, and other oil grades.

SOYABEAN MEAL

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Soyabean Meal and Flour.

WHEAT

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Wheat and Flour.

NEW YORK

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Gold, Silver, and various metals.

RENTS

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Rent and various services.

WHEAT

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Wheat and Flour.

LIVE HOGS

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Live Hogs and Pigs.

TEA

There were 17,700 packages on offer including 6,000 offshore, reports the Tea Brokers Association. This was a strong and active market aided by some additional export enquiries.

COCAINE

There were 17,700 packages on offer including 6,000 offshore, reports the Tea Brokers Association. This was a strong and active market aided by some additional export enquiries.

WHEAT

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Wheat and Flour.

WHEAT

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WHEAT

Table with 4 columns: Commodity Name, Close, Previous, High/Low. Includes items like Wheat and Flour.

LONDON STOCK EXCHANGE

Equities steady in sluggish turnover

A HOST of potentially unsettling factors failed yesterday to unsettle a UK equity market still taking heart from the evident unwillingness of big institutions to part with stock. Turnover was meagre, but market indices were sustained by gains in a handful of blue chips, while British Petroleum and British Telecom stood out well. Sentiment was also helped by speculation surrounding bid prospects among food shares.

Then a rally set in. The final hour of trading saw the London market continuing to rally despite a sharp dip in the pound against the DM, and a weak opening on Wall Street. By the close, the loss on the FT-SE index had been cut to 3.8 for a final reading of 2,138.3.

More than usual share of potential hazards. In addition to the unfavourable trends in sterling and UK money rates, market strategists were concerned by the renewed hints of disagreements on economic policy within the Government and by its prospects in Thursday's European Parliament elections.

domestic retail sales was tempered by a UK Treasury statement that the data was in line with its projections of a slow down in consumer spending this year, while the 4.9 per cent annual gain in UK output prices was comfortably received.

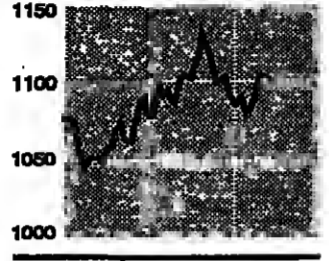
Dividend factor boosts BP

In a generally unhappy equity sector British Petroleum (BP) was outstanding and in strong support closed a net 4 higher at 285 1/2p, turnover of 10m shares was its highest level for many weeks.

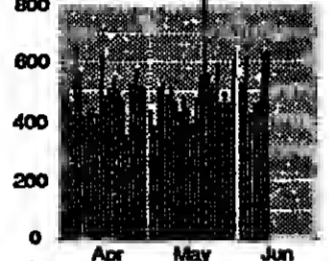
The firm showing came as something of a surprise to many traders, in view of yesterday's slide in crude oil prices and the overall uncertainties in the equity market.

Unigate surprise. Although Unigate topped most City forecasts with a 6 per cent rise in full-year profits to £100.5m, shares in the dairy group eased back with the market to close 3 lighter at 38 1/2p as a number of speculative investors took their profits. Some arbitrageurs had been hoping that a poor set of figures would have flushed out a full offer for Unigate, possibly from Mr Larry Goodman, the Irish entrepreneur, holder of an 8.5 per cent stake.

FT-A All-Share Index



Equity Shares Traded



energy sector was largely confined to British Gas where turnover was given a big boost by a single deal of 2.7m shares during the programme trade. Gas shares closed unaltered on balance at 184 1/2p.

our group of companies. "I wouldn't put it past BT to come up with something like that," said one electronics specialist who added "BT could certainly do with a Rascal Telecom-type rating. BT shares closed around the day's best, setting a net 6 higher at 283 1/2p.

US Bankers bunter chased English China Glays, which climbed 8 to 465p after 469p. The stock had fallen 7p in 5 weeks, after disappointing interim figures, and the company launched a programme of presentations to investors and analysts.

The weekend's unofficial strikes hit AE Parts, down 10 at 57 1/2p. The stock firmed last week on hopes that a court decision had headed off stop-

Ferranti featured prominently in the programme trade triggered around midday with a mark of 2.5m shares going through the Seaq ticker and boosting overall turnover to 4.5m shares; at the close Ferranti were 3 down at 86p, after 84p.

British Steel slipped 2 to 86p as 18m shares changed hands ahead of final results on Thursday. It was also the most active stock on the traded options market with 6472 contracts agreed - only 10 of them puts.

US Bankers bunter chased English China Glays, which climbed 8 to 465p after 469p. The stock had fallen 7p in 5 weeks, after disappointing interim figures, and the company launched a programme of presentations to investors and analysts.

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FINANCIAL TIMES STOCK INDICES

Table with columns for indices (Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.) and their values for June 12, 9, 8, 7, 6, Ago, and Year. It also includes High/Low values and percentage changes.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for various stocks including British Petroleum, British Telecom, and others, with columns for volume, price, and change.

USM-quoted Marina Development put on 13 at 460p after announcing a 250 per cent jump in full-year profits. Asda held up well in a weak food sector, the supermarket group's adding 2 at 173p on turnover of 6.5m shares.

FINANCIAL TIMES INTERNATIONAL CONFERENCES



SUMMER/AUTUMN 1989 CALENDAR

- World Gold: 26 & 27 June - Lugano
Retail Financial Services: 2 & 3 October - London
Europe and the Nordic Countries: 9 & 10 October - Stockholm
FT-City Course: 9 October - 27 November - London
World Mobile Communications in the 90s: 11 & 12 October - London
Re-Regulating Europe's Financial Sector: 16 & 17 October - London
Business with Spain: 6 & 7 November - Madrid
World Shipping in the 90s: 14 & 15 November - Amsterdam
World Electricity: 16 & 17 November - London

Registration form for Financial Times Conference Organisation, including fields for name, address, and contact information.

APPOINTMENTS

Simon Engineering sub-groups

Mr Allan Holder has been appointed managing director of the new paper engineering sub-group of SIMON ENGINEERING, formed following the acquisition of the Holder Pamac companies of which he was a founder. Dr John Wild joins Holder Pamac as managing director.



REEM grocery division has appointed Mr Jeremy Preston (centre) as managing director of the breakfast cereal business, a new post. He will be responsible for The Shredded Wheat Company, Viota and A.C. Fincken. Mr Preston moves from REEM foods, where he was commercial director, Bisto Group. He will be succeeded by Mr. Judy Robinson (left) who moves from the soft drinks group, where she will be succeeded as commercial director by Ms Elaine Underwood (right) who is promoted from business development controller.

around the three core businesses of Citibank Savings which includes Citibank Mortgage, Diners Club and Citicorp British National. Succeeding Mr Robert Selander, Mr Cohen was managing director of Citibank Savings where he is succeeded by Mr Jack Davies who was marketing and strategic planning director of the consumer services division for Europe, the Middle East and Africa.

to the group in Spain, will become chairman of the new company. Mr Pedro A. Gomez-Escosa, who has been appointed a director of S.G. Warburg & Co., will become vice chairman and managing director of the new company. He was an executive director of Credit Suisse First Boston and a partner of CS First Boston in New York.

SEDGWICK FINANCIAL SERVICES benefits consulting division has appointed Mr Stephen Jacobson as an associate director and a senior actuary in London.

NSM has appointed Mr Ben Broadhead as joint managing director of the UK mining subsidiary, Coal Contractors, from October. He is an area director of Tarmac Roadstone.

Mr Roy Doughty has been appointed group marketing director of the PRESTIGE GROUP. He joins from Duracell UK where he was general manager.

Mr Ronald M. Griffin, group controller of financial planning at Rolls-Royce, has been elected president of the CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS.

Mr Tim Lloyd-Williams has become executive chairman of GRE PERSONAL FINANCIAL MANAGEMENT, GRE's direct sales arm. He will continue as GRE's life general manager.

Mr Gareth Davies, chairman and group chief executive, Glynwed International; Mr Francis Graves, chairman, Francis C. Graves and Partners; Dr Janet Morgan, writer on constitutional affairs; and Mr John Mell, group chief executive, Unipart Group, have been appointed non-executive directors designate of the proposed privatised MIDLANDS ELECTRICITY.

S.G. WARBURG GROUP is to establish a subsidiary in Spain - S.G. Warburg Espana. Mr Alejandro Albert, adviser

Mr Ian Currie has been appointed a director of CHARLTON SEAL SCHAVERIEN, stockbrokers. Based in Manchester, he will

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 31

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-225-2128

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Fund Managers, Abbey Life Unit Trust, etc., with columns for name, manager, and other details.

Table listing unit trusts including Abbey Unit Trust, Abbey Fund Managers, Abbey Life Unit Trust, etc., with columns for name, manager, and other details.

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GUIDE TO UNIT TRUST PRICING. A section explaining the pricing of unit trusts, including terms like 'Net Asset Value', 'Unit Price', and 'Dividend Yield'.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table of unit trust information with columns for Unit Name, Price, Yield, and other financial metrics. Includes sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

INSURANCES

Table listing insurance policies, including AA Friendly Society, Abbey Life Assurance Co Ltd, and others, with their respective terms and prices.

Main continuation of unit trust information table, listing various trusts such as City of Edinburgh Life Assurance, Eagle Star Insurance Co Ltd, and others, with their respective prices and yields.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for OFFSHORE AND OVERSEAS, GUERNSEY (ISB RECOGNISED), LUXEMBOURG (ISB RECOGNISED), and JERSEY (\*\*).

OFFSHORE AND OVERSEAS

GUERNSEY (ISB RECOGNISED)

LUXEMBOURG (ISB RECOGNISED)

JERSEY (\*\*)



FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various investment funds, their performance metrics, and details.

LONDON SHARE SERVICE

Table of London Share Service listing various British and Commonwealth/African funds, their performance, and details.

COMMONWEALTH & AFRICAN FUNDS

Table of Commonwealth & African Funds listing specific fund names and their performance.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails listing international bond and rail investments.

AMERICANS

Table of Americans listing US-based investment funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various banking and investment options.

UNIT TRUST NOTES

UNIT TRUST NOTES: Detailed notes and information regarding unit trusts.

Money Market Trust Funds

Table of Money Market Trust Funds listing specific trust fund investments.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cyteline. To obtain your free Share Code Booklet ring the FT Cyteline help desk on 01-225-2129

Main table containing various stock market listings including AMERICANS-Contd, BUILDING, TIMBER, ROADS, DRAPERY AND STORES-Contd, ENGINEERING, INDUSTRIALS (Miscel.)-Contd, CANADIANS, BANKS, HP & LEASING, CHEMICALS, PLASTICS, FDD, GROCERIES, ETC, BEERS, WINES & SPIRITS, DRAPERY AND STORES, HOTELS AND CATERERS, BUILDING, TIMBER, ROADS, and INSURANCES.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-525-2129

INSURANCES - Contd

Table of insurance companies including Axa, British American, and others, with columns for stock price, bid, offer, and volume.

LEISURE

Table of leisure companies including British Skyways, British Telecom, and others, with columns for stock price, bid, offer, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies including British Airways, British Airways, and others, with columns for stock price, bid, offer, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies including News International, News International, and others, with columns for stock price, bid, offer, and volume.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies including News International, News International, and others, with columns for stock price, bid, offer, and volume.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of paper, printing, and advertising companies, with columns for stock price, bid, offer, and volume.

PROPERTY

Table of property companies including British Land, British Land, and others, with columns for stock price, bid, offer, and volume.

SHIPPING

Table of shipping companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

SHOES AND LEATHER

Table of shoes and leather companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

SOUTH AFRICANS

Table of South African companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

TEXTILES

Table of textile companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

TOBACCO

Table of tobacco companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

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TRUSTS, FINANCE, LAND - Contd

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OIL AND GAS - Contd

Continuation of oil and gas companies, with columns for stock price, bid, offer, and volume.

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Table of oil and gas companies including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

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MINES - Contd

Continuation of mines companies, with columns for stock price, bid, offer, and volume.

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OVERSEAS TRADERS

Table of overseas traders including British Skyways, British Skyways, and others, with columns for stock price, bid, offer, and volume.

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MISCELLANEOUS

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PLANTATIONS

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THIRD MARKET

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REGIONAL & IRISH STOCKS

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TRADITIONAL OPTIONS

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £795 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Loss of confidence hits sterling

STERLING FELL sharply in currency markets yesterday, breaking through support at DM3.10 against the D-Mark.

The pound opened on a weak note against the dollar but managed to hold steady against the D-Mark.

The rise may have been exaggerated by the very warm weather experienced in May but investors were in no mood to give sterling the benefit of the doubt.

Sterling fell to its lowest level since February 1987 against the dollar, closing at \$1.5385 from \$1.5550 on Friday.

The dollar continued the firm trend started on Friday after a sharp rise in US May producer prices dispelled any notion of a further easing in US monetary policy.

exploited by the US Federal Reserve and the Bank of Canada which both sold dollars in the afternoon.

Consequently, the dollar came back to finish at DM2.0250, although this was still well from DM2.0015 on Friday and represented its best closing level since November 1986.

FINANCIAL FUTURES

Strong sales push prices lower

NERVOUSNESS ABOUT the UK economic situation and the vulnerability of sterling to bad news encouraged traders to be short of sterling based interest rate contracts ahead of yesterday's figures on May UK retail sales.

The sales data were much stronger than expected, suggesting that consumer confidence remains too high for comfort.

traders shortening positions ahead of the news on retail sales. The opening level was slightly above technical support at 85.75.

The September short starting contract fell sharply to a low of 85.59, after publication of the retail sales figures, before rallying a little to close at 85.62 compared with 85.92 on Friday.

£ IN NEW YORK

Table with columns: Jan. 12, Latest, Previous Close. Rows: 5 Spot, 1 Month, 3 Months, 12 months.

STERLING INDEX

Table with columns: Jan. 12, Latest, Previous. Rows: 9.30 am, 10.30 am, 11.30 am, 12.30 pm, 1.30 pm, 2.30 pm, 3.30 pm, 4.30 pm.

CURRENCY RATES

Table with columns: Jan. 12, Bank, Spot, Forward. Rows: Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: Jan. 12, Bank of England, Change. Rows: Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Jan. 12, Bank of England, Change. Rows: Argentina, Australia, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, % change, % change adjusted for divergence, Divergence limit %.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Jan. 12, Day's spread, Close, One month, Three months, Six months, One year.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Jan. 12, Day's spread, Close, One month, Three months, Six months, One year.

EURO CURRENCY INTEREST RATES

Table with columns: Jan. 12, Short term, 7 Day notice, One Month, Three Months, Six Months, One Year.

EXCHANGE CROSS RATES

Table with columns: Jan. 12, £, \$, DM, F.F., S.F., H.F., L.F., C.S., B.F.

LIFFE LONG GILT FUTURES OPTIONS

Table with columns: Strike, Call-estimates, Put-estimates, Price, Bid, Ask.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call-estimates, Put-estimates, Price, Bid, Ask.

LIFFE BOND FUTURES OPTIONS

Table with columns: Strike, Call-estimates, Put-estimates, Price, Bid, Ask.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call-estimates, Put-estimates, Price, Bid, Ask.

LIFFE SHORT STERLING

Table with columns: Strike, Call-estimates, Put-estimates, Price, Bid, Ask.

PHILADELPHIA 2 1/2% OPTIONS

Table with columns: Strike, Call, Put, Price, Bid, Ask.

CHICAGO

Table with columns: Jan, Close, High, Low, Prev. Rows: US Treasury Notes, etc.

SWISS FRANK CASH

Table with columns: Jan, Latest, High, Low, Prev.

BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate, Bank, Rate.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call-estimates, Put-estimates, Price, Bid, Ask.

LIFFE SHORT STERLING

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PHILADELPHIA 2 1/2% OPTIONS

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CHICAGO

Table with columns: Jan, Close, High, Low, Prev. Rows: US Treasury Notes, etc.

SWISS FRANK CASH

Table with columns: Jan, Latest, High, Low, Prev.

BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate, Bank, Rate.

MONEY MARKETS

Pressure increases

PRESSURE INCREASED on the wholesale interest rates in London yesterday.

The market concentrated on the weakness of sterling and the continued failure of high UK interest rates to stem demand for consumer goods.

many of which are imported and will not help reduce the size of the UK trade deficit.

As the pound fell, three-month sterling interbank rose to 14-14 1/4 per cent from 14-14 per cent.

to a flat position at noon. The authorities did not operate in the market.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained \$644m.

In New York the US Federal Reserve drained money from the banking system through three-day matched sale and repurchase agreements.

The Bundesbank council meets on Thursday. Dealers do not believe a move on rates is likely this week.

Liquidity is expected to remain tight this week, as June tax payments drain funds from the market.

FT LONDON INTERBANK FIXING

Table with columns: Bid 9/8, Offer 9/8, Bid 8 1/4, Offer 9.

MONEY RATES

Table with columns: NEW YORK, Treasury Bills and Bonds, Lanchtime, etc.

LONDON MONEY RATES

Table with columns: Jan. 12, Overnight, 7 days notice, One Month, Three Months, Six Months, One Year.

LONDON MONEY RATES

Table with columns: Jan. 12, Overnight, 7 days notice, One Month, Three Months, Six Months, One Year.

LONDON MONEY RATES

Table with columns: Jan. 12, Overnight, 7 days notice, One Month, Three Months, Six Months, One Year.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Strike, Bid, Ask, Bid, Ask, Bid, Ask.

EUROPEAN OPTIONS EXCHANGE

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EUROPEAN OPTIONS EXCHANGE

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EUROPEAN OPTIONS EXCHANGE

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EUROPEAN OPTIONS EXCHANGE

Table with columns: Strike, Bid, Ask, Bid, Ask, Bid, Ask.

COMPANY NOTICES

RAND MINES GROUP
Randochem Gold Mining Company Limited
(Incorporated in the Republic of South Africa)
Company Registration Number: 05/08743/08
Passing of Dividend No. 87
The Board of Directors has decided not to declare a final dividend for the year ending 30th June 1989.

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF PEARSON plc
and
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that the Annual Report and Accounts for the year ended 31st December 1988 are available from Yorkshire Bank PLC, 55, Abchurch Lane, London EC4A 3DF. The Annual Report and Accounts of Yorkshire Bank PLC may also be obtained from this office.

PERSONAL
HOSPITALITY PACKAGES AVAILABLE
Royal Accord 30 place cocktail party only
£ 1,100 per person, excl. VAT
Royal Accord 30 place cocktail party, excl. VAT and service charge. We currently have Hospitality packages for all major events & special occasions.
Tel. 0400 211270

ART GALLERIES
To advertise on the Arts & Diversion pages please ring either
Julia Carnick - 873 3176
Alison Nunn - 873 3168
Jane Emma Peers - 873 3185

JOTTER PAD

CROSSWORD
No.6.958 Set by TANTALUS

CROSSWORD
ACROSS
1 He may serve you with 3 (6)
4 Girl joins group to dance (8)
10 Declared 'I'd accept' holding (7)
11 Refuse to give cases (7)
12 Places in which, once seen a 1 across (4)
13 Having a direct object passing over (10)
15 Way to a meeting place (6)
16 Defame one living in Sark? Not II (7)
20 A trot led back to castle in Sussex (7)
21 Old carriage provided by American composer (8)
24 Royal member goes to shopping centre in Devon (10)
25 Ella followed by Pat (4)
26 Woman doctor, you are heard to chant (7)
28 Emporium's accept I make up yards (7)
29 Consider next annoyed judge (6)
31 Doesn't alter in Belgium (6)
DOWN
1 I am able to follow witty remark at watchtower (8)
2 She is always telling 20 (8)
3 Drink in a still room (4)
4 Possibly the earliest lyric and played with passion (8)
5 One who provides lots of interest (10)

WORLD STOCK MARKETS

Table with columns for Australia, Canada, Germany, Italy, Japan, and New York. Each column lists various stock indices and their values.

Table with columns for Japan, New York, and other international markets. Lists various stock indices and their values.

Table titled 'CANADA' showing stock market data for Toronto and other Canadian cities. Includes columns for stock names, prices, and changes.

Table titled 'INDICES' showing various stock indices like Dow Jones, S&P 500, and others. Includes columns for index names, values, and changes.

Table titled 'NEW YORK ACTIVE STOCKS' listing various active stocks in the New York market. Includes columns for stock names, prices, and changes.

TOKYO - Most Active Stocks Monday June 12 1989. List of active stocks in Tokyo with their respective prices and changes.

Advertisement for Financial Times featuring a camera lens graphic and the text 'To keep the world in focus...'. Includes contact information for the US and Canada offices.

Vertical text on the left margin including 'DAY JOURNAL', 'PERSONAL', 'ART GALLERY', and 'JOTTING'.



### NYSE COMPOSITE PRICES

Company	Price	Change
IBM	111.25	+0.25
Microsoft	105.00	+0.50
Apple	100.00	+0.25
Oracle	95.00	+0.50
Lucent	90.00	+0.25
Motorola	85.00	+0.50
Intel	80.00	+0.25
Comcast	75.00	+0.50
Worldcom	70.00	+0.25
Verizon	65.00	+0.50
AT&T	60.00	+0.25
Qwest	55.00	+0.50
Sprint	50.00	+0.25
US West	45.00	+0.50
Southwest	40.00	+0.25
Delta	35.00	+0.50
American	30.00	+0.25
United	25.00	+0.50
Southwest	20.00	+0.25
Delta	15.00	+0.50
American	10.00	+0.25
United	5.00	+0.50

### OVER-THE-COUNTER

Needing national market  
Open prices June 12

Symbol	Price	Change
ABX	10.00	+0.10
ADT	11.00	+0.15
ADK	12.00	+0.20
ADP	13.00	+0.25
ADT	14.00	+0.30
ADK	15.00	+0.35
ADP	16.00	+0.40
ADT	17.00	+0.45
ADK	18.00	+0.50
ADP	19.00	+0.55
ADT	20.00	+0.60
ADK	21.00	+0.65
ADP	22.00	+0.70
ADT	23.00	+0.75
ADK	24.00	+0.80
ADP	25.00	+0.85
ADT	26.00	+0.90
ADK	27.00	+0.95
ADP	28.00	+1.00
ADT	29.00	+1.05
ADK	30.00	+1.10
ADP	31.00	+1.15
ADT	32.00	+1.20
ADK	33.00	+1.25
ADP	34.00	+1.30
ADT	35.00	+1.35
ADK	36.00	+1.40
ADP	37.00	+1.45
ADT	38.00	+1.50
ADK	39.00	+1.55
ADP	40.00	+1.60
ADT	41.00	+1.65
ADK	42.00	+1.70
ADP	43.00	+1.75
ADT	44.00	+1.80
ADK	45.00	+1.85
ADP	46.00	+1.90
ADT	47.00	+1.95
ADK	48.00	+2.00
ADP	49.00	+2.05
ADT	50.00	+2.10

### AMEX COMPOSITE PRICES

Open prices  
June 12

Company	Price	Change
IBM	111.25	+0.25
Microsoft	105.00	+0.50
Apple	100.00	+0.25
Oracle	95.00	+0.50
Lucent	90.00	+0.25
Motorola	85.00	+0.50
Intel	80.00	+0.25
Comcast	75.00	+0.50
Worldcom	70.00	+0.25
Verizon	65.00	+0.50
AT&T	60.00	+0.25
Qwest	55.00	+0.50
Sprint	50.00	+0.25
US West	45.00	+0.50
Southwest	40.00	+0.25
Delta	35.00	+0.50
American	30.00	+0.25
United	25.00	+0.50
Southwest	20.00	+0.25
Delta	15.00	+0.50
American	10.00	+0.25
United	5.00	+0.50

**It's attention to detail**  
 The quality of the financial information you need to make decisions is only as good as the data you use.  
 CompuLink provides the most complete and accurate financial data available to the public.  
**FINANCIAL TIMES** **AMSTERDAM**  
**Marriott**

